PRELIMINARY OFFICIAL STATEMENT

RENEWAL ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Roemer Wallens Gold & Mineaux LLP, Bond Counsel, under existing laws, regulations, rulings and court decisions, and assuming continuing compliance by the County with certain covenants and the accuracy of certain representations, (i) interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York. The Notes may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax, on a portion of that interest. See "TAX MATTERS" herein for a discussion of certain Federal taxes applicable to corporate owners of the Notes.

The County will designate the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

$6,380,000

COUNTY OF MONTGOMERY, NEW YORK

GENERAL OBLIGATIONS
(the "County")

$6,380,000 Bond Anticipation Notes, 2020

(the "Notes")

Dated: October 8, 2020 **Due: October 8, 2021**

The Notes are general obligations of the County of Montgomery, New York (the "County"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes interest thereon, subject to applicable statutory limits. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein.

At the option of the purchaser(s), the Notes will be issued as registered notes payable to the purchaser(s) or registered in the name of Cede & Co. as nominee of DTC which will act as the securities depository for the Notes. If the Notes are issued in book-entry-only form, Noteholders will not receive certificates representing their ownership interest in the Notes and payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name". The Notes will be issued in denominations of $5,000, or multiples thereof, as may be determined by the purchaser(s). Payment will be the responsibility of such DTC Direct or Indirect Participants, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

If the Notes are registered in the name of purchaser(s), principal of and interest on the Notes will be payable in Federal Funds at maturity and the County will act as paying agent. In such case, the Notes will be issued in denominations of $5,000, or multiples thereof, as may be determined by the purchaser(s).

The Notes are offered when, as and if issued and received by the purchasers and subject to the receipt of the respective approving legal opinions as to the validity of the Notes of Roemer Wallens Gold & Mineaux LLP, Bond Counsel, of Albany, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC, or as may be agreed upon, in Jersey City, New Jersey on or about October 8, 2020.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on September 24, 2020 until 10:30 A.M., Eastern Time, pursuant to the Notices of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the County, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notices of Sale.

September 16, 2020

THE COUNTY DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDERS, AS MORE FULLY DESCRIBED IN THE RESPECTIVE NOTICES OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE COUNTY WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE WITH RESPECT TO THE NOTES. SEE "MATERIAL EVENT NOTICES" HEREIN.

COUNTY LEGISLATURE

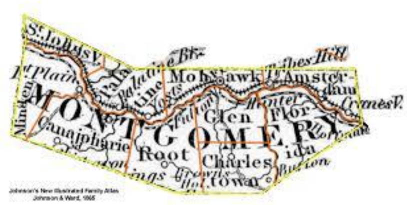
JOSEPH M. ISABEL
Chairman

MARTIN P. KELLY
BRIAN D. SWEET
ROY S. DIMOND
ROBERT HEADWELL, JR.
DANIEL P. WILSON
JOHN M. DUCHESSI
MICHAEL J. PEPE
ROBERT A. PURTELL

* * * * * * * * *

<u>MATTHEW L. OSSENFORT</u>
County Executive

<u>SHAWN J. BOWERMAN</u>
County Treasurer



<u>BRITTANY L. KOLBE</u>
County Clerk

<u>MEGHAN M. MANION</u>
County Attorney

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc.
120 Walton Street, Suite 600
Syracuse, New York 13202
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BOND COUNSEL

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13 Columbia Circle
Albany, New York 12203
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OFFICIAL STATEMENT
of the
COUNTY OF MONTGOMERY, NEW YORK
Relating to
$6,380,000 Bond Anticipation Notes, 2020

This Official Statement, which includes the cover page and appendices, has been prepared by the County of Montgomery, State of New York (the "County," and "State," respectively), in connection with the sale by the County of its aggregate principal amount of $6,380,000 Bond Anticipation Notes, 2020 (the “Notes”).

The factors affecting the County's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the County's tax base, revenues, and expenditures, this Official Statement should be read in its entirety.

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

NATURE OF OBLIGATION

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

Holders of any series of notes of the County may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes.

The Notes will be general obligations of the County and will contain a pledge of the faith and credit of the County for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the County has power and statutory authorization to levy ad valorem taxes on all real property within the County subject to such taxation by the County, subject to applicable statutory limitations.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted” prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the County is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the County’s power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See “TAX LEVY LIMITATION LAW” herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State’s highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

> “A pledge of the city’s faith and credit is both a commitment to pay and a commitment of the city’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the city’s “faith and credit” is secured by a promise both to pay and to use in good faith the city’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit” are used and they are not tautological. That is what the words say and this is what the courts have held they mean…So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted. While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations." According to the Court in Quirk, the State Constitution "requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness."

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the 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 appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

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

THE NOTES

Description of the Notes

The Notes are general obligations of the County, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the County is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limits imposed by Chapter 97 of the Laws of 2011 of the State of New York. See "TAX LEVY LIMITATION LAW" herein.

The Notes are dated October 8, 2020 and will mature, without option of prior redemption, on October 8, 2021. Interest on the Notes will be calculated on a 30-day month and 360-day year basis.

The Notes will be issued in registered certificated form at the option of the purchaser(s) either (i) requested in the name of the purchaser, in denominations of $5,000 or integral multiples thereof, as may be determined by the successful bidder(s); or (ii) registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes shall not be subject to redemption prior to maturity.

Purpose of Issue

The Notes are issued pursuant to the Constitution and statutes of the State including among others, the Local Finance Law and various bond resolutions to provide funds for the following purposes and in the following amounts:

Purpose	Authorization Date	Amount
Florida Industrial Park Improvements	May 23, 2017	$ 1,250,000
Burtonville Bridge Replacement	May 23, 2017	1,870,000
Demolition& Remediation of Beech Nut Site	May 22, 2018	2,760,000
Cemetery Road Bridge	March 26, 2019	500,000
	Total	$ 6,380,000

The proceeds of the Notes, along with $1,090,000 available funds of the County, will partially redeem and renew $7,470,000 bond anticipation notes maturing October 9, 2020 for the aforementioned purposes.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if requested. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Notes in the aggregate principal amount of such issue, and will be deposited with DTC. One fully-registered Note certificate will be issued for Notes bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

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

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

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

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

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE COUNTY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES, (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES, OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE COUNTY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE COUNTY MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Notes

DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the County and discharging its responsibilities with respect thereto under applicable law, or the County may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply:

The Notes will be issued in registered certificated form registered in the name of the Purchaser in denominations of $5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at the County. The Notes will remain not subject to redemption prior to their stated final maturity date.

SOURCES OF PAYMENT OF THE NOTES

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

The Notes will be general obligations of the County and will contain a pledge of the full faith and credit of the County for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest the County has the power and statutory authorization to levy ad valorem taxes on all taxable real property within the County without limitation as to rate or amount. Under the Constitution of the State, the County is required to pledge its full faith and credit for the payment of the principal of and interest on the Notes and the State is specifically precluded from restricting the power of the County to levy taxes on real property therefore.

THE COUNTY

General Information

The County, established on March 12, 1772, has a land area of 400 square miles and a population of 49,221 according to the 2019 census (See "Population Trends" herein). The County, which is located in east central New York State about midway between the Cities of Albany and Utica, consists of the City of Amsterdam and ten towns (Amsterdam, Canajoharie, Charleston, Florida, Glen, Minden, Mohawk, Palatine, Root and St. Johnsville, collectively the "Towns") and includes ten incorporated villages (Ames, Canajoharie, Fonda, Fort Johnson, Fort Plain, Fultonville, Hagaman, Nelliston, Palatine Bridge and St. Johnsville, collectively the "Villages").

Government: The County is divided into 9 Legislative Districts with a legislator representing each District. These nine legislators are elected to a three year term and constitute the County Legislature. The Chairman of the Legislature is appointed annually at the first meeting of the year. The County Executive, the Chief Executive Officer, is elected to a four-year term and also serves as the Budget Officer. The County Treasurer, the Chief Financial Officer, is elected to a four-year term. The County Clerk, Sheriff and District Attorney are also elected to four-year terms. The County Executive appoints the Commissioner of Public Works, Commissioner of Social Services, County Attorney, Director of Real Property Tax Services and other County officials.

Economy: The County has an economic base comprising primarily manufacturing, commercial, government and agricultural sectors. The manufacturing sector, which once dominated the local economy, now accounts for slightly less than one-third of the employment within the County. The major industries are in electronics, food and apparel. The services industry, which includes retail trade, wholesale trade and government, represents approximately 60% of the total employment in the County. Amazon is currently in the process of opening a Last Mile Distribution Center in the County and is scheduled to open by year's end. The center is expected to add approximately 850 jobs to the County.

Transportation: Major highways serving the County include the New York State Thruway, and State Routes 5, 5s, 10, 30, 30A and 67. The highway system within the County consists of 180 miles of State roads, 395 miles of County roads and 295 miles of town roads.

Rail transportation, both passenger and freight, is provided by AMTRAK and CSX, respectively.

Air transportation is available at the Oneida and Albany County Airports.

Education: the Counties of Fulton and Montgomery sponsor The Fulton-Montgomery Community College, a unit of the University of the State of New York, on a joint basis. Half of the capital costs are shared equally by the sponsoring counties and the other half by the State of New York. Student tuition fees, State aid and quarterly contributions from the sponsoring counties finance operating costs. Operating fund contributions between the sponsoring counties are divided equally. The contribution of the County to the General ("operating") Fund of the Community College for the College fiscal year ending August 31, 2018 was $1,495,821. The contribution of the County to the General ("operating") Fund of the Community College for the College fiscal year ending August 31, 2019 was $1,545,821. The contribution of the County to the General ("operating") Fund of the Community College for the College fiscal year ending August 31, 2020 is $1,545,821.

Solid Waste: The County is one of three members of the Montgomery-Otsego-Schoharie Solid Waste Management Authority (the "Authority"), a public benefit corporation responsible for receiving, processing and disposing of municipal solid waste ("MSW") from the three counties comprising the Authority. Pursuant to the Authority's enabling legislation, the County has no direct liability for the Authority's indebtedness; however, the County is responsible, pursuant to a Service Agreement with the Authority (the "Agreement"), for annual tipping fee payments, as well as annual surcharge shortfall payments deriving from excess or short deliveries of MSW, which payments are calculated as the difference between the projected tipping fee revenues based upon guaranteed annual tonnage ("GAT") and actual tipping fee revenues derived from the MSW delivered during the preceding year. Moreover, the Authority has the ability, pursuant to the Agreement, to assess the member counties additional amounts necessary for the Authority to satisfy its operating expenses, including debt service on its outstanding bonds.

In 1989 the County signed an agreement with the Authority. As part of the agreement, the County made a commitment to guarantee a set tonnage annually. If the County does not meet this requirement, it is obligated to pay the highest tipping fee per ton being charged for that particular year for the difference in tonnage between the actual usage and the minimum commitment. However, due to the loss of flow control of the garbage of the County, certain entities within the County were sending their garbage out of the area, the Authority had to increase the tipping fee in order to meet its budgetary requirements. Therefore, the County had to address projected GAT shortages and the increased tipping fee liability, compounding the bottom line liability. Resolutions #183, #244, #407 and #466 were passed budgeting money in the 1997 budget for subsidizing the tipping fee, so that vendors would deliver the waste to the Authority and also to address a credit for outside waste in order to alleviate some, if not all, of the shortfall. In 1997 the tipping fee was $83 per ton with the County's subsidy of $39 per ton. In 2012, the tipping fee was established at $69 per ton with no County subsidy. Also, as part of this agreement, the Authority assumed responsibility for the cost of landfill operations and closure and obligations under consent orders with the New York State Department of Environmental Conservation.

In 2009, the County signed a Post Closure Monitoring and Maintenance agreement with the Authority and the two other counties involved in the Authority. This agreement (a) satisfies the long term responsibility for monitoring and maintenance of the three closed landfills used in the past by the Counties, (b) ensures the protection of public health, safety, environment and natural resources, and (c) satisfies the requirements of Article 27 of the New York State Environmental Conservation Law. The funding of this agreement is achieved through the established GAT for each county. In the event the GAT is not met, the County is responsible to fund the Authority $3 per ton for any shortage under the GAT.

The Authority is actively exploring various avenues by which it can effectively reduce the actual operating deficit including, but not limited to, privatization of its operations. Any payments made by the County to the Authority with respect to future operating budget deficits, surcharges, or shortfalls are subject to review prior to appropriation by the County Board of Supervisors.

In 2014, through legislative approval of the State of New York and the three Authority members of the Authority officially dissolved the Authority with the assets being divided amongst the member counties. Each county then assumed responsibility for the receiving, processing and disposing of their municipal solid waste. The County has contracted with a firm to operate the County owned transfer stations and has signed a multi-year agreement with Fulton County to dispose of the municipal solid waste at their landfill.

Florida Business Park

The County agreed to bring infrastructure to the Florida Business Park for the K-Mart Corporation at a cost of approximately $5,500,000. K-Mart constructed a distribution center within the Park for which the County is a party to the payment in lieu of taxes (PILOT) agreement with K-Mart, or its successor. K-Mart sold the distribution center to Target.

Under the PILOT agreement, Target's amount payable to the County in 2018 was $788,000 and the amount payable for 2019 is $898,808.

The expected PILOT payment for 2020 is $187,986. The reduction in PILOT payment is the result of a portion of the Target Distribution Center has become fully taxable, and will now appear on the County's tax rolls in 2020 and beyond.

Banking Facilities

The following commercial banks maintain branches in the County:

RBS Citizens Bank, N.A.
Key Bank, N.A.
NBT Bank, N.A.
Community Bank

Source: County officials.

Population Trends

Year	County of Montgomery	New York State	United States
1960	57,240	16,782,304	179,323,000
1970	55,883	18,236,882	203,235,000
1980	53,439	17,558,072	226,504,825
1990	51,981	17,990,455	249,632,692
2000	49,708	18,976,457	284,968,348
2010	50,219	19,378,102	308,745,538
2018 (estimate)	49,455	19,542,209	327,167,434
2019 (estimate)	49,221	19,453,561	328,239,523

Source: U.S. Census Bureau.

Selected Wealth and Income Indicators

Per capita income statistics are available for the County and State. Listed below are select figures from the 2000 Census reports and the 2006-2010 and 2014-2018 American Community Survey.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2014-2018	2000	2006-2010	2014-2018
County of:						
Montgomery	$ 17,005	$ 26,999	$ 25,427	$ 40,688	$ 53,476	$ 56,427
State of:						
New York	23,389	30,948	37,470	51,691	67,405	80,419

Note: 2015-2019 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2014-2018 American Community Survey data.

Major Employers

Some of the larger employers in the County and the estimated number of persons employed by each are as follows:

Employer	Type	Number of Employees
St. Mary's Hospital	Hospital	1,447
Target	Retail Warehouse	1,130
Kasson Keller Keymark	Manufacturing	792
Liberty Enterprises	Food Processing, Cleaning Agents	717
Greater Amsterdam School District	Education	520
Montgomery County	Government	445
HFM BOCES	Education	378
Amsterdam Printing & Litho (Holland USA)	Printing, Adv. Specialties	376
Dollar General	Retail Warehouse	341
Beech Nut Nutrition	Candy, Baby Food Cereal	330
RAMA – Home Helpers	Healthcare	254
City of Amsterdam	Government	197

Source: Montgomery County Economic Development/Planning Department.

Unemployment Rate Statistics

Unemployment statistics are available for the County as such. The information set forth below with respect to the County and the State of New York is included for informational purposes only.

Annual Average

	2012	2013	2014	2015	2016	2017	2018	2019
Montgomery County	10.4%	9.2%	7.5%	6.6%	5.7%	5.7%	5.1%	5.1%
New York State	8.5%	7.7%	6.3%	5.3%	4.9%	4.7%	4.1%	4.0%

2020 Monthly Figures

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Montgomery County	6.2%	6.1%	6.2%	14.7%	11.1%	11.5%	13.6%	N/A	N/A
New York State	4.1%	3.9%	4.2%	15.0%	14.2%	15.5%	16.0%	N/A	N/A

Note: Unemployment rates for August and September 2020 are unavailable at the time of this Official Statement.

Source: Department of Labor, State of New York. (Note: Figures not seasonally adjusted).

Financial Organization

The County Legislature meets at both regular and special meetings throughout the year. The County Legislature reviews and adopts the annual County budget, levies taxes, reviews and approves any modifications to the budget, and authorizes the incurrence of all indebtedness of the County. The County Executive is the Budget Officer and the County Treasurer is the Chief Fiscal Officer.

Budgetary Procedures

Preparation and final adoption of the County Budget is governed by a newly adopted County Charter. Budget forms are sent to appropriate department heads in June. Department heads must submit their departmental budget requests to the County Executive in July. The County Treasurer under the direction of the County Executive prepares a tentative budget that is submitted to the County Legislature by September 5th. The County's Budget & Finance Committee then upon review, may recommend amendments to the County Legislature by September 25th. The County Legislature reviews the tentative budget, may make amendments, and a public hearing is held on or before October 5th. The tentative budget as changed, altered or revised is adopted by resolution of the County Legislature on or before October 15th. The County Executive then has until October 23rd to approve or veto changes made to the budget by the Legislature. The Legislature then has the option to reconvene for the purpose of reconsidering each vetoed item by October 31st. The budget is not subject to referendum.

The County has stayed within the State imposed tax levy limit. The County Legislature has yet to vote to override the cap since it has been in place.

Investment Policy

Pursuant to the statutes of the State of New York, the County is permitted to invest only in the following investments: (1) special time deposits accounts in certificates of deposits issued by or a deposit placement program with a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the County; (6) obligations of New York public benefit corporations which are made lawful investments by the County pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of County moneys held in certain reserve funds established pursuant to law, obligations issued by the County. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the County's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute; (2) obligations of the United States of America; and (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States of America, the County may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian.

State Aid

The County receives financial assistance from the State. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the County, in this year or future years, the County may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the County may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the County. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the County requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

Currently, due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will experience budgetary restrictions which will require certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including municipalities and school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State, including the County.

COVID -19

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the County's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the County's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the County. The County is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations.

Employees

The County provides services through approximately 355 full-time and 101 part-time employees. The number of persons employed by the County, the collective bargaining agents, if any, which represent them and the dates of expiration of the collective bargaining agreements are as follows:

Employees	Union	Contract Expiration Date
215	Civil Service Employees' Association	December 31, 2021
24	Montgomery County Deputy Sheriff's Association	December 31,2018[1]
11	Correction Officer's Supervisor's Association	December 31, 2017[1]
42	Teamsters (Correction Officers)	December 31, 2017[1]

[1] The County is currently in negotiations with the units that are working under an expired contract.

Source: Montgomery County Payroll & Data Processing Department.

Status and Financing of Employee Pension Benefits

Substantially all employees of the County are members of the New York State and Local Employees' Retirement System ("ERS"). The ERS is generally also known as the "Common Retirement Fund". The Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems.

The ERS is non- contributory with respect to members hired prior to July 27, 1976 (Tier 1 & 2); members hired from July 27, 1976 through December 31, 2009 (Tier 3 & 4) contribute 3% for the first 10 years of service and then become non-contributory; members hired from January 1, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

For ERS, Tier 5 provides for:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at $15,000 per year, and for police & firefighters at 15% of non-overtime wages.

For ERS, Tier 6 provides for:

- Increase contribution rates of between 3% and 6% base on annual wage
- Increase in the retirement age from 62 years to 63 years
- A readjustment of the pension multiplier
- A change in the period for final average salary calculation from 3 years to 5 years

The County's payments to ERS for the last five fiscal years and budgeted amount for the 2020 fiscal year have been as follows:

Fiscal Year	ERS
2015	$ 3,032,083
2016	2,529,930
2017	2,528,614
2018	2,458,387
2019	2,578,800
2020 (Budgeted)	2,505,000

Source: County officials

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The County does not have any early retirement incentives outstanding.

Historical Trends and Contribution Rates: Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and TRS rates as a percent of payroll (2017 to 2021) is shown below:

Fiscal Year	ERS	TRS
2016-17	15.5%	11.72%
2017-18	15.3	9.80
2018-19	14.9	10.62
2019-20	14.6	8.86
2020-21	14.6	9.53*

* Estimated percentage of payroll

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program that establishes a minimum contribution for any employer equal to 4.5% of pensionable salaries for required contributions due December 15, 2003 and for all years thereafter where the actual rate would otherwise be 4.5% or less. In addition, it instituted a billing system that will advise employers over one year in advance concerning actual pension contribution rates.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

Stable Rate Pension Contribution Option: The 2013-14 Adopted State Budget included a provision that authorized local governments, including the County, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

The County is not amortizing or smoothing any pension payments nor does it intend to do so in the foreseeable future.

The investment of monies and assumptions underlying same, of the Retirement Systems covering the County's employees is not subject to the direction of the County. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the County which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

Other Post-Employment Benefits

Healthcare Benefits. It should also be noted that the County provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the County, to account for post-retirement healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), described below, requires such accounting.

OPEB. Other Post-Employment Benefits ("OPEB") refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 75. In 2015, the GASB released new accounting standards for public other postemployment benefits (OPEB) plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. GASB 75 requires municipalities to report OPEB liabilities, OPEB expenses, deferred outflow of resources, and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required municipalities to calculate and report a net other postemployment benefit obligation. However, under GASB 45 municipalities could amortize the OPEB liability over a period of years, whereas GASB 75 requires municipalities to report the entire OPEB liability on the statement of net position.

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

The County has not contracted with an actuary to calculate its OPEB liability and did not contract with a firm to complete its actuarial valuation of its OPEB liability in accordance with GASB 45 or GASB 75. There is no authority in current State law to establish a trust account or reserve fund for this liability. The County has reserved $0 towards its OPEB liability. The County funds this liability on a pay-as-you-go basis.

GASB 45. Prior to GASB 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" ("GASB 45"), required municipalities and school districts 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 and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district 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 did not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC. The aforementioned liability and ARC were recognized and disclosed in accordance with GASB 45 standards in the County's audited financial statements.

The County's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the County's finances and could force the County to reduce services, raise taxes or both.

Actuarial Valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are less than 200 members.

Other Information

The statutory authority for the power to spend money for the objects or purposes, or to accomplish the objects or purposes for which the serial bonds are to be issued, is the County Law and the Local Finance Law.

The procedure for the validation of the Notes provided in Title 6 of Article 2 of the Local Finance Law has been complied with as of delivery of the Notes.

No principal or interest upon any obligation of the County is past due.

The fiscal year of the County is the calendar year.

This Official Statement does not include the financial data of any political subdivision having power to levy taxes within the County.

Financial Statements

The County retains independent certified public accountants for audit of its General and Special Revenue Funds. The last audited report covers the period ending December 31, 2018 and is attached as "APPENDIX – C" hereto. The audited report for the period ending December 31, 2019 is not available as of the date of the Official Statement. The annual update document for the fiscal year ending December 31, 2019 is available and can be obtained by contacting the County. The financial affairs of the County are also subject to periodic audits by the New York State Comptroller. Such audit reports are on file with the County Treasurer. Certain financial information may be found in the Appendices to this Official Statement.

The County complies with the Uniform System of Accounts as prescribed for counties in New York State. Except for the accounting for fixed assets, this system conforms to generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting, published by the Governmental Accounting Standards Board (GASB).

The General Fund year end results for the fiscal year ending December 31, 2019 listed below are preliminary and unaudited and subject to change.

Revenues:	$ 92,350,487
Expenditures:	93,364,739
Excess Revenues (Deficit) over Expenditures:	$ (1,014,252)

2020 Budget Expectations

The County's recommended budget for the 2020 fiscal year supports total General Fund expenditures of $97,779,635, with local dollar spending of $30,731,115 (an increase of 5.25%. The recommended 5.25% tax levy increase is below the projected 5.37% State-imposed property tax cap that included a carryover amount of $62,757 from the previous year. Under the budget, the average County tax rate would decrease from $12.20 to $12.04 per thousand, depending on the municipality some saw an increase in tax rate while other realized a decrease. Further information regarding the recommended budget, along with schedules and other budget-related information, can be found via the budget page of the County's website.

New York State Comptroller Report of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the County has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The State Comptroller's office released an audit report of the County on April 25, 2016. The purpose of the audit was to examine the County departments' policies and procedures and reviewed the record of actions taken to comply with monitoring requirements of the Ignition Interlock Program for the period January 1, 2010 through March 10, 2015.

Key Findings:

- Department officials and the County's District Attorney (DA) generally monitored the ignition interlock device (IID) installations and negative activities of offenders as required. However, of 14 installation orders for individuals who owned or operated a vehicle during the IID order period, five were installed on average 21 days late1 and one was not installed at all. The State Comptroller's Office also found that a vehicle was registered during the IID period to one of the 42 individuals who indicated that they did not own or operate a vehicle. The monitors did not report any of these installation violations and, in addition, did not report the four cases with negative IID activity2 to the court.

Key Recommendations:

- Department officials and the DA should address the causes of monitors' late or missed reporting of IID Program violations to the court and district attorney, and institute procedures, as necessary, to help ensure that all violations are reported in a timely manner.

The County provided a complete response to the State Comptroller's office on October 13, 2015. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

There are no Office of the State Comptroller's audits that are currently in progress or pending release.

Note: Reference to website implies no warranty of accuracy of information therein.

State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The reports of the State Comptroller for the past five years for the County are as follows:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2018	Susceptible Fiscal Stress	48.3
2017	No Designation	35.4
2016	No Designation	22.5
2015	No Designation	25.4
2014	No Designation	12.5

Source: Website of the Office of the New York State Comptroller.

Note: Reference to websites implies no warranty of accuracy of information therein. The report of the State Comptroller for the 2019 fiscal year is unavailable as of the date of this Official Statement.

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending December 31:		2016	2017	2018	2019	2020
Taxable Assessed Valuations						
City of:	Amsterdam	$ 334,598,088	$ 337,141,814	$ 331,751,769	$ 335,355,146	$ 332,345,324
Towns of:	Amsterdam	39,451,034	41,711,641	40,270,549	40,679,772	40,934,111
	Canajoharie	116,486,160	184,968,858 (1)	186,661,314	186,370,777	186,106,499
	Charleston	83,073,836	83,105,922	84,569,064	88,773,001	89,179,842
	Florida	103,923,613	104,767,244	105,283,813	239,928,914	306,149,335
	Glen	86,975,389	87,676,078	88,971,256	89,973,597	90,540,409
	Minden	163,986,370	166,260,405	167,891,719	221,090,870	222,674,370
	Mohawk	207,048,676	208,950,371	208,655,623	207,734,202	208,032,705
	Palatine	90,942,327	91,622,339	90,735,619	91,316,441	91,060,850
	Root	103,415,587	104,102,565	105,940,175	109,586,221	110,333,900
	St. Johnsville	30,726,324	31,003,959	30,927,591	31,422,339	31,293,485
		$ 1,360,627,404	$ 1,441,311,196	$ 1,441,658,492	$ 1,642,231,280	$ 1,708,650,830
State Equalization Rates						
City of:	Amsterdam	75.00%	75.00%	75.00%	75.00%	66.67%
Towns of:	Amsterdam	9.90%	9.38%	8.68%	8.79%	8.84%
	Canajoharie	61.00%	100.00% (1)	100.00%	100.00%	93.87%
	Charleston	100.00%	100.00%	100.00%	95.00%	95.00%
	Florida	50.00%	50.00%	49.00%	100.00%	100.00%
	Glen	56.49%	55.87%	61.00%	59.50%	57.00%
	Minden	100.00%	100.00%	100.00%	100.00%	100.00%
	Mohawk	106.57%	109.03%	100.00%	98.24%	92.00%
	Palatine	56.00%	51.75%	58.00%	55.00%	55.00%
	Root	100.00%	100.00%	100.00%	95.00%	95.00%
	St. Johnsville	32.00%	30.26%	34.00%	33.00%	32.00%

Full Valuations						
City of:	Amsterdam	$ 446,130,784	$ 449,522,419	$ 442,335,692	$ 447,140,195	$ 498,493,061
Towns of:	Amsterdam	398,495,293	444,687,004	463,946,417	462,796,041	463,055,554
	Canajoharie	190,960,918	184,968,858	186,661,314	186,370,777	198,259,826
	Charleston	83,073,836	83,105,922	84,569,064	93,445,264	93,873,518
	Florida	207,847,226	209,534,488	214,864,924	239,928,914	306,149,335
	Glen	153,965,992	156,928,724	145,854,518	151,216,129	158,842,823
	Minden	163,986,370	166,260,405	167,891,719	221,090,870	222,674,370
	Mohawk	194,284,204	191,644,842	208,655,623	211,455,825	226,122,505
	Palatine	162,397,013	177,047,998	156,440,722	166,029,893	165,565,182
	Root	103,415,587	104,102,565	105,940,175	115,353,917	116,140,947
	St. Johnsville	96,019,763	102,458,556	90,963,503	95,219,209	97,792,141
Taxable Full Valuations		$ 2,200,576,985	$ 2,270,261,780	$ 2,268,123,672	$ 2,390,047,033	$ 2,546,969,263

(1) Significant change due to revaluation.

Tax Rates Per $1,000 Assessed

Fiscal Year Ending December 31:	2016	2017	2018	2019	2020
	$ 12.65	$12.35	$12.61	$12.20	$12.04

Tax Collection Record

Fiscal Year Ending December 31:	2016	2017	2018	2019	2020
Tax Levy (1)	$ 35,385,391	$ 35,773,076	$ 36,723,893	$ 37,440,107	$ 38,968,926
Uncollected December 31	2,177,311	2,505,340	2,445,276	2,534,328	N/A
% Uncollected December 31	6.15%	7.00%	6.66%	6.77%	N/A
Uncollected December 31, 2018	1,242,768	2,505,340	2,445,276	2,534,328	N/A
% Uncollected December 31, 2018	3.51%	7.00%	6.66%	6.77%	N/A

(1) Includes total County, Town and City warrant amount and all relevy figures.

Tax Collection Procedure

County taxes are collected by the respective tax collection officers of the City of Amsterdam and the various towns in conjunction with city and town taxes. The City of Amsterdam pays the County the full amount of the collections received from the County levy by the end of its collection period which is on a quarterly basis; towns retain from the gross tax collection the total amount of their respective tax levies and return the balance plus uncollected items to the County after April 1. The City of Amsterdam enforces the collection of delinquent County tax within the City. The County assumes responsibility for and collects delinquent town taxes and holds an annual sale in May of each year.

Tax payments are due during the month of January without penalty. Penalties are one percent in February, an additional one percent in March and five percent is added on after March 31. In addition, interest at the rate of twelve percent per annum is imposed on delinquent taxes and penalties after April 7th, retroactive to February for the original year of levy. Commencing with the year subsequent to the original year of levy and thereafter, a rate of 12% per annum is imposed on delinquent taxes and penalties.

The County is responsible for collecting delinquent school, village, water and sewer taxes, which are turned over in November by the appropriate tax collectors. The delinquent taxes are immediately relevied by the County and added to the appropriate Town and County Tax Bills for the next ensuing January roll. There are various interest and penalties added to appropriate taxes that are re-levied. On March 31, the County pays the various school, villages and districts, in full, the amount that was turned over to the County as delinquent, whether collected at that time or not.

Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal years ending December 31, 2018 through 2020:

Fiscal Year Ending December 31:	2020	2019	2018
Five Year Average Full Valuation……………...….…...	$ 2,334,436,023	$ 2,260,151,795	$ 2,220,374,680
Tax Limit - (1.65%)……………………………...	38,518,194	37,292,505	36,636,182
Add: Exclusions Fom Limit……………………...	4,888,820	4,681,242	4,996,901
Total Taxing Power………………………………	43,407,014	41,973,747	41,633,083
Less: Total Levy…………………………………	30,731,115	29,257,368	28,761,367
Tax Margin…………............…...…..........….........	$ 12,675,899	$ 12,716,379	$ 12,871,716

County Sales Tax Revenue

On June 1, 2003, the County increased the sales and use tax from 3% to 4%. The State approved the extension of this additional 1% tax in 2015 for two years. The County entered into a distribution agreement in 2009 with the municipalities to share sales tax based on the following: of the original 3% tax, the County retains 50%, the City of Amsterdam receives 15% and the remaining 35% is distributed to the towns and villages. With the additional 1% tax, the County retains 80%, the City of Amsterdam receives 18% and the remaining 2% is distributed to the towns and villages.

Fiscal Year Ending	County Sales Tax	County Share of Collections
2000	$ 14,370,078	$ 7,188,364
2001	13,732,802	6,866,893
2002	15,200,258	7,343,379
2003	18,341,900	10,444,352
2004	20,544,211	12,357,422
2005	20,550,000	12,929,750
2006	24,536,953	14,715,057
2007	24,319,981	14,584,322
2008	25,528,488	15,303,721
2009	23,101,223	13,565,206
2010	24,591,504	14,139,003
2011	25,394,417	14,600,880
2012	27,277,277	15,684,177
2013	28,183,071	16,204,726
2014	28,930,095	16,779,455
2015	27,245,264	15,679,803
2016	28,068,079	16,250,265
2017	29,354,965	16,838,561
2018	30,866,866	17,771,520
2019	33,035,255	19,084,857
2020 (Budgeted)	$ 31,000,000	$ 17,670,000

Source: County officials.

Larger Taxpayers – 2019 Assessment for 2020 Tax Roll

Name	Type	Estimated Full Valuation
Niagara Mohawk/National Grid	Utility	$ 139,685,046
Dominion Transmission, Inc.	Utility	59,726,668
Iroquois Gas Transmission System	Utility	39,712,718
New York Central Lines LLC	Railroad	23,748,512
Amsterdam KM I LLC	Retail	11,537,826
Wal-Mart Stores	Retail	10,978,384
GDC Montgomery Limited	Retail	10,386,803
State of New York	Government	9,161,027
Lowe's Home Centers, Inc.	Retail	8,475,540
Holland USA, Inc.	Retail	8,465,300

The ten larger taxpayers, listed above, have a total estimated full valuation of $321,877,824 that represents 12.64% of the tax base of the County.

The County currently does not have any pending or outstanding tax certioraris that are known to have a material impact on the County.

Source: County tax rolls.

Additional Tax Information

Real property subject to County taxes is assessed at the Town/City level.

Veterans', senior citizens' and agricultural exemptions are offered to those who qualify.

The total property tax bill of the typical $100,000 residential property located in the County is approximately $2,855 including County, Town and School District taxes.

TAX LEVY LIMITATION LAW

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

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

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

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

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

Real Property Tax Rebate. Chapter 59 of the Laws of 2014 ("Chapter 59"), a newly adopted State budget bill includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts are eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government are eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction's compliance with the provisions of the Tax Levy Limitation Law. School districts budgets must comply in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions include counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved "government efficiency plan" which demonstrates "three year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies".

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the County are uncertain at this time.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; unless substantially level or declining annual debt service is authorized and utilized, no installment may be more than fifty percent in excess of the smallest prior installment. The County is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Debt Limit. The County has the power to contract indebtedness for any County purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed seven per centum of the average full valuation of taxable real estate of the County and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the County is calculated by taking 7% of the latest five-year average of the full valuation of all taxable real property.

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, of course, to the provisions set forth above. The power to spend money, however, generally derives from other law, including specifically the General County Law, the County Charter and the General Municipal Law.

Pursuant to the Local Finance Law and the County Charter, the County authorizes the issuance of bonds by the adoption of a bond ordinance approved by at least two-thirds of the members of the Common Council, subject to the approval of the Board of Estimate and Apportionment, the finance board of the County. Customarily, the Common Council has delegated to the County Treasurer, as chief fiscal officer of the County, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the Notes 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.

Except on rare occasions the County complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

Each bond ordinance usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the Notes subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto. The County has authorized Bonds for a variety of City objects or purposes.

Statutory law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the issuance of the first of such bond anticipation notes and, subject to certain exceptions, provided that such renewals do not exceed five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein).

In general, the Local Finance Law contains provisions providing the County with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget and capital notes.

Debt Outstanding End of Fiscal Year

Fiscal Years Ending December 31:	2015	2016	2017	2018	2019
Bonds	$ 29,170,000	$ 31,928,031	$ 31,808,000	$ 31,295,000	$ 30,540,000
Bond Anticipation Notes	0	1,170,000	4,426,000	7,362,000	7,598,000
Other Debt [1]	284,018	189,456	129,385	64,693	0
Total Debt Outstanding	$ 29,454,018	$ 33,357,487	$ 36,363,385	$ 38,721,693	$38,138,000

[1] The County entered into an agreement with the Town of Glen to repay the debt of the Town for the purpose of extending water and sewer services to the new public safety facility.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City evidenced by serial bonds and bond anticipation notes as of September 16, 2020:

Type of Indebtedness	Maturity	Amount
Bonds	2020-2034	$ 28,925,000
Bond Anticipation Notes		
Various Capital Projects	October 9, 2020	7,470,000 (1)
Implementation of a Clarifier Rehabilitation Project	December 18, 2020	128,000 (2)
Various Capital Projects	August 5, 2021	5,050,000
	Total Indebtedness	$ 41,573,000

(1) To be partially redeemed and renewed at maturity with the proceeds of the Notes and $1,090,000 available funds of the County.
(2) Expected to be partially redeemed and renewed at maturity with bond anticipation notes and $64,000 available funds of the County.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of September 16, 2020:

Five-Year Average Full Valuation of Taxable Real Property			$ 2,335,195,747
Debt Limit - 7% thereof			163,463,702
Inclusions:			
Bonds (1)	$ 28,925,000		
Bond Anticipation Notes	12,648,000		
Total Inclusions		$ 41,573,000	
Exclusions:			
Appropriations	$ 565,000		
Total Exclusions		$ 565,000	
Total Net Indebtedness Subject to Debt Limit			$ 41,008,000
Net Debt-Contracting Margin			$ 122,455,702
Percent of Debt Contracting Power Exhausted			25.09%

The proceeds of the Notes will not increase the net indebtedness of the County.

Bonded Debt Service

A schedule of bonded debt service may be found in "APPENDIX – B" to this Official Statement.

Cash Flow Borrowing

The County has not found it necessary to issue revenue anticipation notes or tax anticipation notes in the past, but may have to issue a Revenue Anticipation Note or Tax Anticipation Note to fund operations due to revenue shortages from the COVID – 19 losses along with delays from NYS providing reimbursements.

Authorized But Unissued Debt/Additional Capital Projects

The County has prepared a Capital Program (the "Plan") as part of the 2019 budget. The Plan calls for funding through bond anticipation notes and/or bond issuances of $4.3 million in 2019, and $4.9 million in 2020. The County has approved bond resolutions for the Fulton-Montgomery Community College Project, Cemetery Road Bridge, Department of Public Works ("DPW") Equipment Replacement, DPW Buildings-Critical Maintenance, DPW Facility Engineering and Voice over IP Phone System.

The County currently has $7,470,000 bond anticipation notes maturing October 9, 2020 and $5,050,000 bond anticipation notes maturing August 5, 2021 for capital projects. The Notes are being issued, along with $1,090,000 available funds of the County to partially redeem and renew the bond anticipation notes maturing October 9, 2020.

Estimated Overlapping Indebtedness

In addition to the County, the following political subdivisions have the power to issue bonds and notes and to levy taxes or cause taxes to be levied on taxable real property in the County. Bonded indebtedness, including serial bonds and notes, is estimated of the fiscal year of the respective municipalities, not adjusted to include subsequent bond issues, if any.

	Estimated Indebtedness [1]	Exclusions [2]		Net Indebtedness
10 Towns	$ 3,771,205	$ 3,435,522 [3]		$ 335,683
10 Villages	5,756,862	3,394,553 [3]		2,362,309
5 School Districts	121,957,766	112,492,973 [4]		9,464,793
2 Fire Districts	65,400	0		65,400
City of Amsterdam	25,529,983	8,677,567 [3]		16,852,416
			Total	$ 29,080,601

(1) Bonds and notes as not adjusted to include subsequent bond sales, if any.
(2) Pursuant to applicable constitutional and statutory provisions, this indebtedness is deductible from gross indebtedness for debt limit purposes.
(3) Sewer and water indebtedness
(4) State Building Aid for Education.

Source: State Comptroller's reports for fiscal year ending 2018 for towns, cities and fire districts and fiscal year ending 2019 for school districts and villages.

Debt Ratios

The following table sets forth certain ratios relating to the County's net indebtedness as of September 16, 2020.

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 41,008,000	$ 833.14	1.61%
Net Indebtedness Plus Net Overlapping Indebtedness (d)	70,088,601	1,423.96	2.75%

(a) The current estimated population of the County is 49,221. (See "THE COUNTY - Population" herein.)).
(b) The County 2020 full valuation of taxable real estate is $2,546,969,263. (See "TAX INFORMATION" herein.)
(c) See "Debt Statement Summary" for calculation of Net Indebtedness herein.
(d) Estimated net overlapping indebtedness is $29,080,601. (See "Estimated Overlapping Indebtedness" herein.)

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the County upon any judgment or accrued claim against it shall not exceed nine per centum per annum. In accordance with the general rule with respect to municipalities, judgments against the County may not be enforced by levy and execution against property owned by the County.

The Federal Bankruptcy Code allows public bodies recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of such obligations.

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

There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness."

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

MARKET AND RISK FACTORS

The financial and economic condition of the County as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the County's control. There can be no assurance that adverse events in the State and in other jurisdictions in the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of other jurisdictions in the country to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

In addition, if the State should opt to borrow and experiences difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the County, in any year, the County may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the County. In recent years, the County has received delayed payments of State aid which resulted either from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts or delays in State payments until certain State revenues are realized. (See also "State Aid").

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

COVID -19: An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the City's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the City's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the City. The City is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "State Aid" herein).

CONTINUING DISCLOSURE

In order to assist the purchasers 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 an Undertaking to provide Material Event Notices with respect to the Notes, the description of which is attached hereto as "APPENDIX – C".

Historical Compliance

The County is in compliance with all prior undertakings pursuant to the Rule for the past five years. However, the County failed to file audited annual financial statements within 180 days of the end of the fiscal year as required by the continuing disclosure undertaking for the serial bonds issued through the Municipal Bond Bank Agency in 2009. It should be noted the County does not complete its audited financial statements within 180 days of the end of the fiscal year and, therefore, the County could not file such documents within the timeframe stated. Notices of failure to file have been submitted to EMMA relating to the County's audited annual financial statements which were not filed in a timely manner for the fiscal years ending December 31, 2012 through and including December 31, 2019.

TAX MATTERS

In the opinion of Roemer Wallens Gold & Mineaux LLP, Bond Counsel, under existing law, regulations, administrative rulings and judicial decisions, (i) interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an "item of tax preference" for purposes of the federal alternative minimum tax imposed on individuals and corporations although Section 56 of the Code provides that for purposes of calculating the alternative minimum tax on corporations as defined for federal income tax purposes, interest on the Notes is taken into account in determining adjusted current earnings, and (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York and political subdivisions thereof, including The City of New York. Bond Counsel will express no opinion as to any other tax consequences regarding the Notes. Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes but Bond Counsel notes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the County to be contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Notes are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of those certifications and representations.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations in order for the interest to be and to continue to be so excluded from the date of issuance. Noncompliance with these requirements by the County may cause the interest on the Notes to be included in gross income for federal income tax purposes and thus to be subject to federal income tax retroactively to the date of issuance of the Notes. The County has covenanted to take the actions required of it for the interest on the Notes to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion.

Although Bond Counsel will opine that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the accrual or receipt of interest on, the Notes may otherwise affect an Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Owner or the Owner's other income or deductions. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislations, interpretations or rulings relating to the Code or judicial decisions may cause interest on the Notes to be subject directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. Any such legislation, interpretations or rulings relating to the Code or judicial decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations, or litigation, as to which Bond Counsel expresses no opinion.

ALL PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO OTHER FEDERAL AND STATE TAX CONSEQUENCES, AS WELL AS ANY LOCAL TAX CONSEQUENCES, OF PURCHASING OR HOLDING THE NOTES.

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Legal Matters

Legal matters incident to the authorization, issuance, and sale of the Notes will be subject to the final approving opinion of Roemer Wallens Gold & Mineaux LLP, Albany, New York, Bond Counsel to the County. Such opinion will be available at the time of delivery of and payment for the Notes and will be to the effect that the Notes are valid and legally binding general obligations of the County, for the payment of which the County has validly pledged its full faith and credit, and all the real property within the County subject to taxation by the County is subject to the levy by the County of ad valorem taxes, subject to statutory limitation (see "Tax Levy Limitation Law", herein) for payment of the principal of and interest on the Notes.

Said opinion will also contain further statements to the effect that assuming continuing compliance with certain covenants and the accuracy of certain representations of the County contained in the records of proceedings relating to the authorization and issuance of the Notes, (a) interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations pursuant to Section 56 of the Code for purposes of calculating the alternative minimum tax on corporations as defined for federal income tax purposes, interest on the Notes is taken into account in determining adjusted current earnings; and (b) interest on the Notes is exempt from personal income taxes imposed by the State and political subdivisions thereof, including The City of New York. The interest on the Notes may be subject to certain federal taxes imposed only on certain corporations, including the corporate alternative minimum tax on a portion of that interest. Said opinion will also state that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including the City of New York). No opinion will be rendered by Bond Counsel regarding Federal tax consequences with respect to the Notes. The enforceability of the Notes is subject to bankruptcy laws and other laws affecting creditors' rights and the exercise of judicial discretion.

LITIGATION

The County is subject to a number of lawsuits in the ordinary conduct of its affairs. The County Attorney does not believe, however, that such suits, individually or in the aggregate are likely to have a material adverse effect on the financial condition of the County.

Although there is a pending petition for annexation to move approximately two hundred and sixty three acres of land to an adjoining county and a potential boundary line issue in the County, it is not anticipated that either issue will have a material adverse effect on the financial condition of the County.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the County threatened against or affecting the County to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the County taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the County.

BOND RATING

The Notes are not rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the County, as such rating action will result in a material event notification to be posted to EMMA which is required by the County.

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its underlying rating of "A+" with a stable outlook to the County's outstanding bonds. A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Any desired explanation of the significance of such rating should be obtained from Standard & Poor's Credit Market Services, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 553-0038, Fax: (212) 553-1390.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the outstanding bonds.

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the County provided, however; the County assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the City management's beliefs as well as assumptions made by, and information currently available to, the City's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the City's files with the repositories. When used in City documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

Roemer Wallens Gold & Mineaux LLP, Albany, New York, Bond Counsel to the City, expressed no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the City for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Notes, the City will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the City.

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

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

The County will act as Paying Agent for the Notes.

The County contact information is as follows: Mr. Shawn J. Bowerman, County Treasurer, County Annex Building-Park St, P.O. Box 1500, Fonda, New York 12068-1500, Phone (518) 853-8173, Telefax (518) 853-8344, Email: sbowerman@co.montgomery.ny.us

This Official Statement has been duly executed and delivered by the County Treasurer of the County of Montgomery.

COUNTY OF MONTGOMERY

Dated: September 16, 2020

SHAWN J. BOWERMAN
COUNTY TREASURER AND CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending December 31:	2015	2016	2017	2018	2019 Unaudited
ASSETS					
Cash	$ 9,897,492	$ 8,311,968	$ 6,427,781	$ 5,808,982	$ 6,123,600
Receivables:					
Taxes	9,606,261	9,470,098	10,734,700	8,971,264	9,388,972
Other	5,899,737	1,864,067	6,133,082	6,100,558	7,328,267
State and Federal Aid	6,344,167	9,262,778	6,540,332	6,303,102	4,554,186
Prepaid Expenses	653,683	581,884	580,254	-	624,987
Due from Other Funds	5,279,880	5,478,529	5,302,524	6,951,522	5,701,042
Due from Other Governments	74,705	57,874	35,225	19,625	50,966
TOTAL ASSETS	$ 37,755,925	$ 35,027,198	$ 35,753,898	$ 34,155,053	$ 33,772,020
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 4,979,058	$ 5,071,270	$ 5,680,501	$ 6,382,351	$ 6,477,914
Accrued Liabilities	222,205	302,894	314,223	2,067,147	2,247,355
Due to Other Funds	1,752,931	838,210	1,904,396	2,048,153	1,835,605
Due to Other Governments	3,975,772	3,917,287	4,190,957	3,925,813	3,898,072
Other Liabilities	-	-	-	-	-
Notes Payable	-	-	-	-	-
Deferred Revenue	11,246,439	10,462,726	10,327,372	7,000,505	8,735,788
TOTAL LIABILITIES	22,176,405	20,592,387	22,417,449	21,423,969	23,194,734
FUND EQUITY					
Commited	-	-	-	-	-
Nonspendable	653,683	581,884	580,254	-	758,000
Restricted	-	476,706	528,014	564,080	624,987
Assigned	3,979,196	4,058,426	3,996,727	4,301,793	3,213,984
Unassigned	10,946,641	9,317,795	8,231,444	7,865,211	5,980,316
TOTAL FUND EQUITY	15,579,520	14,434,811	13,336,439	12,731,084	10,577,287
TOTAL LIABILITIES & FUND EQUITY	$ 37,755,925	$ 35,027,198	$ 35,753,888	$ 34,155,053	$ 33,772,021

Source: 2015-2018 Audited financial reports and 2019 Annual Financial Report (unaudited) of the County. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	2014	2015	2016	2017	2018
REVENUES					
Real Property Taxes	$ 25,936,653	$ 29,169,391	$ 31,299,511	$ 26,507,510	$ 28,279,725
Real Property Tax Items	2,910,406	-	-	2,521,009	2,935,244
Non-Property Tax Items	29,481,073	27,477,307	28,283,051	29,581,566	31,130,665
Departmental Income	4,807,543 [1]	6,036,257	6,434,256	6,439,512	6,407,615
Intergovernmental Charges	1,654,813	974,170	510,900	488,058	387,084
Use of Money & Property	52,551	61,892	61,176	74,264	115,489
Licenses and Permits	-	-	-	-	-
Fines and Forfeitures	168,924	168,106	145,272	152,940	124,225
Sale of Property and Compensation for Loss	939,526	838,876	1,581,060	927,023	769,604
Miscellaneous	1,463,680	432,433	251,611	454,593	324,384
Interfund Revenues	19,281	15,309	25,177	27,230	16,437
Revenues from State Sources	9,976,497	9,718,465	10,770,691	12,301,112	14,162,681
Revenues from Federal Sources	8,051,582	10,145,286	7,555,857	8,334,708	7,082,031
Total Revenues	$ 85,462,529	$ 85,037,492	$ 86,918,562	$ 87,809,525	$ 91,735,184
EXPENDITURES					
General Government Support	$ 19,835,883	$ 19,492,401	$ 19,696,108	$ 20,719,062	$ 21,592,722
Education	1,929,616	1,929,505	2,035,457	2,049,377	2,104,393
Public Safety	8,322,975	9,245,401	7,606,791	7,573,228	8,549,096
Health	5,385,003	5,814,687	6,379,104	6,768,670	7,418,823
Transportation	415,084	385,000	550,982	544,277	549,293
Economic Assistance and Opportunity	25,954,646	26,476,561	27,657,331	27,608,215	28,610,509
Culture and Recreation	358,690	345,500	430,793	472,594	775,165
Home and Community Services	2,720,723	3,468,466	3,466,108	3,768,660	3,782,217
Employee Benefits	10,035,335	8,781,297	9,617,278	9,625,710	9,870,443
Debt Service	4,176,831	4,176,991	4,754,315	4,239,976	3,887,006
Total Expenditures	$ 79,134,786	$ 80,115,809	$ 82,194,267	$ 83,369,769	$ 87,139,667
Excess of Revenues Over (Under) Expenditures	$ 6,327,743	$ 4,921,683	$ 4,724,295	$ 4,439,756	$ 4,595,517
Other Financing Sources (Uses):					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(5,307,555)	(6,223,828)	(5,869,004)	(5,538,128)	(5,200,871)
Other	-	-	-	-	-
Total Other Financing	(5,307,555)	(6,223,828)	(5,869,004)	(5,538,128)	(5,200,871)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ 1,020,188	$ (1,302,145)	$ (1,144,709)	$ (1,098,372)	$ (605,354)
FUND BALANCE					
Fund Balance - Beginning of Year	15,861,477	16,881,665	15,579,520	14,434,811	$ 13,336,439
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 16,881,665	$ 15,579,520	$ 14,434,811	$ 13,336,439	$ 12,731,085

[1] Includes $2,692,459 from dissolution of Montgomery-Otsego-Schoharie Solid Waste Authority

Source: Audited financial reports of the County. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending December 31:	2018 Adopted Budget	2018 Actual	2019 Adopted Budget	2019 Unaudited Actual
REVENUES				
Real Property Taxes	$ 28,430,795	$ 28,279,725	$ 28,997,161	$ 28,796,476
Real Property Tax Items	2,200,000	2,935,244	2,350,000	2,781,918
Non-Property Tax Items	28,709,085	31,130,665	29,024,875	33,357,549
Departmental Income	5,992,161	6,407,615	6,316,774	7,570,386
Intergovernmental Charges	502,443	387,084	464,312	1,032,393
Use of Money & Property	56,607	115,489	62,900	239,429
Licenses and Permits	-	-	-	-
Fines and Forfeitures	95,100	124,225	107,365	133,881
Sale of Property and Compensation for Loss	870,000	769,604	820,000	915,199
Miscellaneous	161,000	324,384	163,500	549,132
Interfund Revenues	26,680	16,437	26,680	15,914
Revenues from State Sources	11,539,246	14,162,681	12,918,979	11,407,169
Revenues from Federal Sources	9,438,741	7,082,031	10,230,619	5,551,042
Total Revenues	$ 88,021,858	$ 91,735,184	$ 91,483,165	$ 92,350,488
EXPENDITURES				
General Government Support	$ 21,102,472	$ 21,592,722	$ 21,288,321	$ 23,517,743
Education	2,045,821	2,104,393	2,100,821	2,149,656
Public Safety	8,372,724	8,549,096	8,630,837	9,323,739
Health	7,022,931	7,418,823	8,002,053	7,249,967
Transportation	542,000	549,293	569,100	713,307
Economic Assistance and Opportunity	29,087,445	28,610,509	30,652,704	26,902,816
Culture and Recreation	294,075	775,165	326,037	492,524
Home and Community Services	3,316,300	3,782,217	3,724,150	4,583,477
Employee Benefits	10,157,247	9,870,443	10,330,698	9,049,074
Debt Service	4,385,052	3,887,006	4,294,762	4,184,058
Total Expenditures	$ 86,326,067	$ 87,139,667	$ 89,919,483	$ 88,166,361
Excess of Revenues Over (Under) Expenditures	$ 1,695,791	$ 4,595,517	$ 1,563,682	$ 4,184,127
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	
Operating Transfers Out	(5,515,791)	(5,200,871)	(5,263,682)	(5,198,377)
Other	-	-	-	-
Total Other Financing	(5,515,791)	(5,200,871)	(5,263,682)	(5,198,377)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ (3,820,000)	$ (605,354)	$ (3,700,000)	$ (1,014,250)
FUND BALANCE				
Fund Balance - Beginning of Year	3,820,000	$ 605,354	3,700,000	$ 1,014,250
Prior Period Adjustments (net)	-	-	-	
Fund Balance - End of Year	$ -	$ -	$ -	$ -

Source: 2018 Audited Financial Report & 2019 Annual Financial Report (unaudited) of the County. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget

Fiscal Years Ending December 31:	2016 Adopted Budget	2017 Adopted Budget	2018 Adopted Budget	2019 Adopted Budget	2020 Adopted Budget
REVENUES					
Real Property Taxes	$ 29,527,036	$ 29,958,701	$ 30,630,795	$ 28,997,161	$ 30,531,115
Real Property Tax Items	-	-	-	2,350,000	1,420,000
Non-Property Tax Items	27,686,226	27,710,326	28,709,085	29,024,875	31,240,000
Departmental Income	5,758,200	5,745,636	5,992,161	6,316,774	6,900,416
Intergovernmental Charges	1,451,242	826,677	654,150	464,312	961,173
Use of Money & Property	-	-	-	62,900	91,820
Licenses and Permits	-	-	-	-	-
Fines and Forfeitures	-	-	-	107,365	103,990
Sale of Property and Compensation for Loss	895,000	895,000	870,000	820,000	770,000
Miscellaneous	216,500	210,000	161,000	163,500	168,500
Interfund Revenues	27,690	27,400	26,680	26,680	15,680
Revenues from State Sources	10,332,839	11,195,574	11,539,246	12,918,979	12,919,506
Revenues from Federal Sources	8,984,888	9,748,575	9,438,741	10,230,619	10,032,435
Total Revenues	$ 84,879,621	$ 86,317,889	$ 88,021,858	$ 91,483,165	$ 95,154,635
EXPENDITURES					
General Government Support	$ 20,267,088	$ 20,025,468	$ 21,102,472	$ 21,288,321	$ 22,924,548
Education	2,045,821	2,045,821	2,045,821	2,100,821	2,133,321
Public Safety	8,125,595	8,245,809	8,372,724	8,630,837	8,850,504
Health	6,092,524	7,071,168	7,022,931	8,002,053	7,472,691
Transportation	395,250	504,500	542,000	569,100	597,555
Economic Assistance and Opportunity	27,718,300	29,099,665	29,087,445	30,652,704	30,788,823
Culture and Recreation	328,944	280,935	294,075	326,037	327,238
Home and Community Services	3,148,600	3,325,600	3,316,300	3,724,150	4,172,750
Employee Benefits	9,829,688	9,730,463	10,157,247	10,330,698	10,555,086
Debt Service	4,834,840	4,320,617	4,385,052	4,294,762	4,425,020
Total Expenditures	$ 82,786,650	$ 84,650,046	$ 86,326,067	$ 89,919,483	$ 92,247,536
Excess of Revenues Over (Under) Expenditures	$ 2,092,971	$ 1,667,843	$ 1,695,791	$ 1,563,682	$ 2,907,099
Other Financing Sources (Uses):					
Operating Transfers In	-	-	-	-	
Operating Transfers Out	(5,505,971)	(5,564,843)	(5,515,791)	(5,263,682)	(5,532,099)
Other	-	-	-	-	-
Total Other Financing	(5,505,971)	(5,564,843)	(5,515,791)	(5,263,682)	(5,532,099)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ (3,413,000)	$ (3,897,000)	$ (3,820,000)	$ (3,700,000)	$ (2,625,000)
FUND BALANCE					
Fund Balance - Beginning of Year	3,413,000	3,897,000	3,820,000	3,700,000	2,625,000
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ -	$ -	$ -

Source: Adopted Budgets of the County. This Appendix is not itself audited.

CHANGES IN FUND EQUITY

Fiscal Years Ending December 31:	2015	2016	2017	2018	2019 Unaudited
SPECIAL REVENUE FUND [1]					
Fund Equity - Beginning of Year	$ 2,497,155	$ 3,252,169	$ 3,720,193	$ 3,544,358	$ 2,970,299
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	11,505,451	10,684,531	10,740,406	6,877,240	10,472,975
Expenditures & Other Uses	10,750,438	10,216,507	10,916,241	7,451,297	10,409,648
Fund Equity - End of Year	3,252,169	3,720,193	3,544,358	2,970,301	3,033,626

[1] The Special Revenue Fund includes the County Road Fund, Road Machinery Fund, Sewer Fund and Special Grant Fund.

Source: 2015-2018 Audited financial reports and 2019 Annual Financial Report (unaudited). This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending December 31st	Principal	Interest	Total
2020	$ 2,980,000	$ 984,135.90	$ 3,964,135.90
2021	3,100,000	900,541.01	4,000,541.01
2022	3,020,000	790,242.15	3,810,242.15
2023	3,080,000	692,088.53	3,772,088.53
2024	3,180,000	593,471.90	3,773,471.90
2025	2,770,000	498,741.58	3,268,741.58
2026	2,855,000	406,739.80	3,261,739.80
2027	2,335,000	309,310.50	2,644,310.50
2028	2,055,000	223,073.68	2,278,073.68
2029	2,130,000	146,342.73	2,276,342.73
2030	1,580,000	86,275.50	1,666,275.50
2031	960,000	53,704.50	1,013,704.50
2032	550,000	30,186.63	580,186.63
2033	225,000	19,725.00	244,725.00
2034	235,000	12,979.50	247,979.50
2035	45,000	5,671.50	50,671.50
2036	45,000	4,776.00	49,776.00
2037	45,000	3,880.50	48,880.50
2038	50,000	2,985.00	52,985.00
2039	50,000	1,990.00	51,990.00
2040	50,000	995.00	50,995.00
TOTALS	$ 31,340,000	$ 5,767,856.89	$ 37,107,856.89

Note: The County issued bonds through the Municipal Bond Bank Agency as part of the ARRA program. The interest shown above is the gross interest and does not account for the federal subsidy.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending December 31st	2011 Purchase of Land Florida Business Park Principal	Interest	Total	2015 Refunding of 2006 Bonds Principal	Interest	Total
2020	$ 115,000	$ 12,637.50	$ 127,637.50	$ 410,000	$ 85,587.50	$ 495,587.50
2021	120,000	6,600.00	126,600.00	435,000	68,562.50	503,562.50
2022	-		-	455,000	46,312.50	501,312.50
2023	-	-	-	475,000	29,593.75	504,593.75
2024	-	-	-	485,000	12,125.00	497,125.00
TOTALS	$ 235,000	$ 19,237.50	$ 254,237.50	$ 2,260,000	$ 242,181.25	$2,502,181.25

Fiscal Year Ending December 31st	2009 MBBA Recovery Act Bonds Principal	Interest [1]	Total	2013 Refunding of the 2000, 2002, 2003 & 2004 Bonds Principal	Interest	Total	2015 Various Projects Principal	Interest	Total
2020	$ 385,000	$ 279,697.15	$ 664,697.15	$ 120,000	$ 5,762.50	$ 125,762.50	$ 510,000	$ 141,426.25	$ 651,426.25
2021	400,000	259,640.40	659,640.40	115,000	2,831.25	117,831.25	520,000	131,126.25	651,126.25
2022	425,000	238,561.65	663,561.65	40,000	625.00	40,625.00	530,000	120,295.00	650,295.00
2023	445,000	218,558.15	663,558.15	-	-	-	545,000	108,873.13	653,873.13
2024	460,000	197,660.40	657,660.40	-	-	-	560,000	97,132.50	657,132.50
2025	485,000	168,959.08	653,959.08	-	-	-	570,000	84,912.50	654,912.50
2026	510,000	134,188.80	644,188.80	-	-	-	585,000	71,915.00	656,915.00
2027	530,000	97,846.00	627,846.00	-	-	-	595,000	57,750.00	652,750.00
2028	555,000	59,930.68	614,930.68	-	-	-	610,000	42,687.50	652,687.50
2029	580,000	20,268.10	600,268.10	-	-	-	630,000	26,400.00	656,400.00
2030	-	-	-	-	-	-	645,000	8,868.75	653,868.75
TOTALS	$ 4,775,000	$1,675,310.40	$6,450,310.40	$ 275,000	$ 9,218.75	$ 284,218.75	$ 6,300,000	$ 891,386.88	$7,191,386.88

[1] The interest shown above is the gross interest and does not account for the federal subsidy.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending December 31st	2016 Various Projects Principal	2016 Various Projects Interest	2016 Various Projects Total	2017 Refunding of 2008 Bonds Principal	2017 Refunding of 2008 Bonds Interest	2017 Refunding of 2008 Bonds Total	2017 Various Projects Principal	2017 Various Projects Interest	2017 Various Projects Total
2020	$ 400,000	$ 112,887.50	$ 512,887.50	$ 475,000	$ 117,687.50	$ 592,687.50	$ 195,000	$ 64,412.50	$ 259,412.50
2021	400,000	104,887.50	504,887.50	495,000	98,687.50	593,687.50	200,000	60,025.00	260,025.00
2022	415,000	96,737.50	511,737.50	520,000	78,887.50	598,887.50	205,000	55,525.00	260,525.00
2023	420,000	88,387.50	508,387.50	540,000	58,087.50	598,087.50	210,000	50,912.50	260,912.50
2024	430,000	79,887.50	509,887.50	565,000	38,987.50	603,987.50	215,000	46,187.50	261,187.50
2025	440,000	71,187.50	511,187.50	575,000	27,687.50	602,687.50	220,000	41,350.00	261,350.00
2026	450,000	62,287.50	512,287.50	590,000	14,750.00	604,750.00	225,000	36,400.00	261,400.00
2027	460,000	53,187.50	513,187.50	-	-	-	235,000	31,337.50	266,337.50
2028	460,000	43,987.50	503,987.50	-	-	-	240,000	26,050.00	266,050.00
2029	475,000	34,340.63	509,340.63	-	-	-	245,000	20,650.00	265,650.00
2030	480,000	24,193.76	504,193.76	-	-	-	250,000	14,525.00	264,525.00
2031	495,000	13,525.01	508,525.01	-	-	-	255,000	7,650.00	262,650.00
2032	335,000	3,978.13	338,978.13	-	-	-	-	-	-
TOTALS	$ 5,660,000	$ 789,475.03	$6,449,475.03	$ 3,760,000	$ 434,775.00	$4,194,775.00	$ 2,695,000	$ 455,025.00	$3,150,025.00

Fiscal Year Ending December 31st	2018 Various Projects Principal	2018 Various Projects Interest	2018 Various Projects Total	2019 Various Projects Principal	2019 Various Projects Interest	2019 Various Projects Total	2020 Various Projects Principal	2020 Various Projects Interest	2020 Various Projects Total
2020	$ 120,000	$ 74,337.50	$ 194,337.50	$ 250,000	$ 89,700.00	$ 339,700.00	$ -	$ -	$ -
2021	125,000	70,437.50	195,437.50	260,000	82,000.00	41,000.00	30,000	15,743.11	45,743.11
2022	130,000	66,375.00	196,375.00	270,000	71,600.00	35,800.00	30,000	15,323.00	45,323.00
2023	135,000	62,150.00	197,150.00	280,000	60,800.00	30,400.00	30,000	14,726.00	44,726.00
2024	140,000	57,762.50	197,762.50	290,000	49,600.00	24,800.00	35,000	14,129.00	49,129.00
2025	140,000	53,212.50	193,212.50	305,000	38,000.00	19,000.00	35,000	13,432.50	48,432.50
2026	145,000	48,662.50	193,662.50	315,000	25,800.00	12,900.00	35,000	12,736.00	47,736.00
2027	150,000	43,950.00	193,950.00	330,000	13,200.00	6,600.00	35,000	12,039.50	47,039.50
2028	155,000	39,075.00	194,075.00	-	-	-	35,000	11,343.00	46,343.00
2029	160,000	34,037.50	194,037.50	-	-	-	40,000	10,646.50	50,646.50
2030	165,000	28,837.50	193,837.50	-	-	-	40,000	9,850.50	49,850.50
2031	170,000	23,475.00	193,475.00	-	-	-	40,000	9,054.50	49,054.50
2032	175,000	17,950.00	192,950.00	-	-	-	40,000	8,258.50	48,258.50
2033	180,000	12,262.50	192,262.50	-	-	-	45,000	7,462.50	52,462.50
2034	190,000	6,412.50	196,412.50	-	-	-	45,000	6,567.00	51,567.00
2035	-	-	-	-	-	-	45,000	5,671.50	50,671.50
2036	-	-	-	-	-	-	45,000	4,776.00	49,776.00
2037	-	-	-	-	-	-	45,000	3,880.50	48,880.50
2038	-	-	-	-	-	-	50,000	2,985.00	52,985.00
2039	-	-	-	-	-	-	50,000	1,990.00	51,990.00
2040	-	-	-	-	-	-	50,000	995.00	50,995.00
TOTALS	$ 2,280,000	$ 638,937.50	$2,918,937.50	$ 2,300,000	$ 430,700.00	$ 510,200.00	$ 800,000	$ 181,609.61	$ 981,609.61

MATERIAL EVENT NOTICES WITH RESPECT TO THE NOTES

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Commission pursuant to the Securities Exchange Act of 1934, the County has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the EMMA system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

(c) unscheduled draws on debt service reserves reflecting financial difficulties

(d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties

(e) substitution of credit or liquidity providers, or their failure to perform

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Notes

(g) modifications to rights of Note holders, if material

(h) note calls, if material and tender offers

(i) defeasances

(j) release, substitution, or sale of property securing repayment of the Note

(k) rating changes

(l) bankruptcy, insolvency, receivership or similar event of the County

(m) the consummation of a merger, consolidation, or acquisition involving the County or the 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

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material

(o) incurrence of a financial obligation (as defined in the Rule) of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect Note holders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no "debt service reserves" will be established for the Notes.

With respect to event (d) the County does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes.

For the purposes of the event identified in paragraph (l) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

The County may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the County determines that any such other event is material with respect to the Notes; but the County does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The County reserves the right to terminate its obligation to provide the aforedescribed notices of material events, as set forth above, if and when the County no longer remains an obligated person with respect to the Notes within the meaning of the Rule. The County acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Notes (including holders of beneficial interests in the Notes). The right of holders of the Notes to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the County's obligations under its material event notices undertaking and any failure by the County to comply with the provisions of the undertaking will neither be a default with respect to the Notes nor entitle any holder of the Notes to recover monetary damages.

The County reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the County; provided that the County agrees that any such modification will be done in a manner consistent with the Rule.

An "Undertaking to Provide Notice of Material Events" to this effect shall be provided to the purchaser(s) at closing.

COUNTY OF MONTGOMERY, NEW YORK

AUDITED FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

DECEMBER 31, 2018

Such Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

COUNTY OF MONTGOMERY, NEW YORK

Basic Financial Statements and
Reports Required Under Uniform Guidance

as of and for the year ended December 31, 2018

Together with
Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

C O N T E N T S

C O N T E N T S (Continued)

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

September 27, 2019

To the County Legislature of
Montgomery County, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the County of Montgomery, New York (the County) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Montgomery County Industrial Development Agency and the Montgomery County Capital Resource Corporation, which comprise 100% of the assets, net position, and revenues of the aggregate discretely presented component units.

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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Montgomery County Industrial Development Agency and the Montgomery County Capital Resource Corporation, which comprise 100% of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Montgomery County Industrial Development Agency and Montgomery County Capital Resource Corporation, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.

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INDEPENDENT AUDITOR'S REPORT
(Continued)

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Adverse
Major Funds:	
General Fund	Unmodified
Capital Projects Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
Aggregate Discretely Presented Component Units	Unmodified

Basis for Adverse Opinion on Governmental Activities

As discussed in Note 2 to the financial statements, the County records capital assets at historical cost or estimated historical cost with no allowance for depreciation. In addition, the County has not completed a full inventory of its capital assets and cannot ensure that all capital assets are included in its financial statements including the County's general infrastructure assets and, additionally, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that the County's entire inventory of capital assets, including general infrastructure assets, be recorded at cost and depreciated over their estimated useful lives, which would change the assets, net position, and expenses of the governmental activities. Additionally, the County has not recorded in its governmental activities the estimated total other post-employment benefit liability. Accounting principles generally accepted in the United States of America require that the County's other post-employment benefit liability, related deferred outflows of resources, and deferred inflows of resources be recorded and changes in the liability be charged to expense in the governmental activities. The amount by which each of these departures would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, and expenses of the governmental activities has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the County, as of December 31, 2018, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the County of Montgomery as of December 31, 2018, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, and schedules of contributions – pension plans and proportionate share of the net pension liability(asset) 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.

Management has omitted the management's discussion and analysis and the schedule of changes in total OPEB liability and related ratios that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Report on Supplementary 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 nonmajor fund financial statements are presented for additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards listed in the accompanying table of contents is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR)* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards 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 combining nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2019 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

COUNTY OF MONTGOMERY, NEW YORK

STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Governmental Activities	Discretely Presented Component Units
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 25,863,277	$ 2,124,580
Restricted cash and cash equivalents	12,032	-
Taxes receivable, net of an allowance for uncollectible taxes of $240,112	8,971,264	-
Accounts receivable, net of allowance for uncollectible amounts of $245,558	6,550,590	197,276
State and federal receivables	6,880,291	300,000
Due from Component Unit	1,195,000	265,919
Due from fiduciary funds	84	-
Due from other governments	1,754,721	-
Prepaid expenses	90,446	3,183
Total current assets	51,317,705	2,890,958
NONCURRENT ASSETS:		
Capital assets	52,430,758	2,052,663
Total noncurrent assets	52,430,758	2,052,663
Total assets	103,748,463	4,943,621
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	8,324,098	-
Total deferred outflows of resources	8,324,098	-
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	7,953,838	779,641
Accrued liabilities	4,549,513	-
Accrued interest	403,914	-
Bond anticipation notes	7,362,000	-
Other liabilities	1,113	7,500
Due to County	-	1,195,000
Due to other governments	3,926,693	-
Long-term liabilities due within one year	3,119,692	-
Total current liabilities	27,316,763	1,982,141
LONG-TERM LIABILITIES:		
General obligation bonds	28,240,000	-
Net pension liability	2,539,519	-
Workers' Compensation claims	2,611,058	-
Compensated absences	1,175,100	-
Total long-term liabilities	34,565,677	-
Total liabilities	61,882,440	1,982,141
DEFERRED INFLOWS OF RESOURCES		
Pension related	9,238,111	-
Grant advances and unearned revenue	521,196	46,665
Total deferred inflows of resources	9,759,307	46,665
NET POSITION		
Net investment in capital assets	13,773,758	857,663
Restricted	576,112	83,845
Unrestricted	26,080,944	1,973,307
Total net position	$ 40,430,814	$ 2,914,815

The accompanying notes are an integral part of these statements.

COUNTY OF MONTGOMERY, NEW YORK

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
Primary Government	Expenses	Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Discretely Presented Component Units
Governmental activities:						
General governmental support	$ 26,842,445	$ 3,938,091	$ 342,839	$ -	$ (22,561,515)	
Education	2,370,091	60,468	-	-	(2,309,623)	
Public safety	12,085,488	297,315	914,984	-	(10,873,189)	
Health	7,768,038	25,399	6,069,263	-	(1,673,376)	
Transportation	5,556,139	878	670,984	2,244,550	(2,639,727)	
Economic assistance and opportunity	31,705,031	986,850	11,765,853	-	(18,952,328)	
Home and community services	4,828,534	4,743,082	-	-	(85,452)	
Culture and recreation	923,155	3,593	682,761	-	(236,801)	
Interest	1,011,967	-	-	-	(1,011,967)	
Total governmental activities	$ 93,090,888	$ 10,055,676	$ 20,446,684	$ 2,244,550	(60,343,978)	
Discretely Presented Component Unit						
Economic assistance and opportunity	$ 518,780	$ 1,006,946	$ 300,426	$ -		$ 788,592
General Revenues:						
Real property taxes					27,091,767	$ -
Real property tax items					2,935,244	-
Sales and use taxes					31,130,665	-
Unrestricted use of money and property					165,960	1,764
Fines and forfeitures					124,225	-
Sale of property and compensation for loss					835,279	-
Unrestricted state or federal aid					798,028	-
Other sources					488,049	-
Total general revenue					$ 63,569,217	$ 1,764
Change in net position					$ 3,225,239	$ 790,356
Net position - beginning of year (see note 3)					37,205,575	2,124,459
Net position - end of year					$ 40,430,814	$ 2,914,815

The accompanying notes are an integral part of these statements.

COUNTY OF MONTGOMERY, NEW YORK

BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General	Capital Projects	Non-Major Funds	Total
ASSETS:				
Cash and equivalents	$ 5,808,982	$ 10,918,425	$ 3,275,485	$ 20,002,892
Cash and equivalents, restricted	-	-	12,032	12,032
Taxes receivable, net of allowance	8,971,264	-	-	8,971,264
Accounts and loans receivable, net of allowance	4,905,558	-	1,548,306	6,453,864
State and federal aid receivables	6,303,102	444,522	132,235	6,879,859
Due from other funds	6,951,522	-	248,509	7,200,031
Due from component units	1,195,000	-	-	1,195,000
Due from other governments	19,625	369,635	-	389,260
TOTAL ASSETS	$ 34,155,053	$ 11,732,582	$ 5,216,567	$ 51,104,202
LIABILITIES:				
Accounts payable	$ 6,382,351	$ 782,208	$ 107,941	$ 7,272,500
Bond anticipation notes payable	-	7,362,000	-	7,362,000
Accrued Liabilities	2,067,147	129	158,975	2,226,251
Due to other funds	2,048,153	1,654,495	212,396	3,915,044
Due to other governments	3,925,813	-	880	3,926,693
Total liabilities	14,423,464	9,798,832	480,192	24,702,488
DEFERRED INFLOWS OF RESOURCES				
Grant advances and unearned revenue	7,000,505	369,635	1,391,498	8,761,638
Total deferred inflows of resources	7,000,505	369,635	1,391,498	8,761,638
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	21,423,969	10,168,467	1,871,690	33,464,126
FUND BALANCE:				
Nonspendable	-	-	12,032	12,032
Restricted	564,080	-	-	564,080
Assigned				
Assigned appropriated fund balance	3,700,000	-	300,000	4,000,000
Assigned unappropriated fund balance	601,793	1,564,115	3,032,845	5,198,753
Total assigned fund balance	4,301,793	1,564,115	3,332,845	9,198,753
Unassigned	7,865,211	-	-	7,865,211
Total fund balance	12,731,084	1,564,115	3,344,877	17,640,076
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	$ 34,155,053	$ 11,732,582	$ 5,216,567	$ 51,104,202

The accompanying notes are an integral part of these statements.

COUNTY OF MONTGOMERY, NEW YORK

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

Fund balance - All governmental funds	$ 17,640,076
Amounts reported for governmental activities in the statement of net position are different due to the following:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	52,430,758
Long-term defined benefit pension plan related activity administrated by the New York State and Local Retirement System is not reported in the funds	
Deferred outflows of resources	8,324,098
Net pension liability	(2,539,519)
Deferred inflows of resources	(9,238,111)
Long-term liabilities are not due and payable in the current period and are, therefore, not reported in the funds.	
General obligation bonds	(31,295,000)
Workers' Compensation claims	(2,611,058)
Compensated absences	(1,175,100)
Due to other governments	(64,692)
Internal service funds used by management to charge the cost of certain activities is not included in governmental funds in the fund financial statements.	1,122,834
Deferral of long-term receivables are not recognized in the government-wide statements	2,661,133
Unearned taxes earned in the current year are recognized as revenue under the accrual basis of accounting in the government-wide statements.	5,579,309
Accrued interest is included in the government-wide statements under the accrual basis of accounting.	(403,914)
Net position of governmental activities	$ 40,430,814

The accompanying notes are an integral part of these statements.

COUNTY OF MONTGOMERY, NEW YORK

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE- GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General	Capital Projects	Non-Major Funds	Total
REVENUE:				
Real property taxes	$ 28,279,725	$ -	$ 68,436	$ 28,348,161
Real property tax items	2,935,244	-	-	2,935,244
Non property tax items	31,130,665	-	-	31,130,665
Departmental income	6,407,615	-	662,735	7,070,350
Intergovernmental charges	387,084	-	411,790	798,874
Use of money and property	115,489	-	41,457	156,946
Fines and forfeitures	124,225	-	-	124,225
Sale of property and compensation for loss	769,604	-	4,362	773,966
Miscellaneous local sources	324,384	51	92,310	416,745
Interfund revenues	16,437	-	807,136	823,573
State aid	14,162,681	38,491	1,567,733	15,768,905
Federal aid	7,082,031	638,326	-	7,720,357
Total revenue	91,735,184	676,868	3,655,959	96,068,011
EXPENDITURES:				
General government support	21,592,722	329,400	21,863	21,943,985
Education	2,104,393	265,698	-	2,370,091
Public safety	8,549,096	1,407,148	144,566	10,100,810
Transportation	549,293	2,547,240	5,092,124	8,188,657
Health	7,418,823	-	-	7,418,823
Economic assistance and opportunity	28,610,509	699,772	-	29,310,281
Culture and recreation	775,165	-	-	775,165
Home and community services	3,782,217	-	1,480,826	5,263,043
Employee benefits	9,870,443	-	1,016,621	10,887,064
Debt service - principal	2,913,000	-	64,000	2,977,000
Debt service - interest	974,006	-	4,582	978,588
Total expenditures	87,139,667	5,249,258	7,824,582	100,213,507
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	4,595,517	(4,572,390)	(4,168,623)	(4,145,496)
OTHER SOURCES (USES):				
Proceeds from issuance of debt	-	2,400,000	-	2,400,000
BAN redeemed from appropriations	-	64,000	-	64,000
Interfund transfers	-	1,567,733	5,200,871	6,768,604
Interfund transfers (out)	(5,200,871)	-	(1,567,733)	(6,768,604)
Total other sources (uses)	(5,200,871)	4,031,733	3,633,138	2,464,000
(DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(605,354)	(540,657)	(535,485)	(1,681,496)
FUND BALANCE - beginning of year	13,336,438	2,104,772	3,880,362	19,321,572
FUND BALANCE - end of year	$ 12,731,084	$ 1,564,115	$ 3,344,877	$ 17,640,076

The accompanying notes are an integral part of these statements.

COUNTY OF MONTGOMERY, NEW YORK

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS TO STATEMENTS OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

Net change in fund balance - Total governmental funds	$ (1,681,496)
Capital outlays net of disposals are expenditures in governmental funds, but are capitalized in the statement of net position	4,525,948
Proceeds of long-term debt recorded as revenue in the governmental funds but are recorded as increases of liabilities in the statement of net position	(2,400,000)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.	2,977,000
Governmental funds report pension contributions as expenditures. However, in the statement of activities of activities, the cost of pension benefits earned, net of employer contributions is reported as pension expense	(153,600)
Additions and deletion to long term loans are recorded as revenues and expenses in the governmental funds but treated as an addition and deletion of loans receivable in the statement of net position	449,425
Property tax revenue is recorded to the extent it is received within 60 days of year-end for governmental funds, but in the statement of activities, this revenue is recorded as earned upon levy	(1,256,394)
Accrued compensated absences and workers' compensations do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds	797,042
Interest is accrued on the outstanding bonds on the statement of net position, but is not recorded as an expenditure in the government funds	(32,686)
Change in net position - Governmental activities	$ 3,225,239

SofA	TRUE
diff	(102,814,813)

The accompanying notes are an integral part of these statements.

COUNTY OF MONTGOMERY, NEW YORK

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
DECEMBER 31, 2018

	Internal Service Funds		
	Health Insurance	Workers' Compensation	Total
ASSETS:			
Cash	$ 3,574,718	$ 2,285,667	$ 5,860,385
Accounts receivable, net	96,726	-	96,726
Due from other funds	2,192,904	-	2,192,904
Due from other governments	432	2,853,685	2,854,117
Prepaid expenses	90,446	-	90,446
TOTAL ASSETS	5,955,226	5,139,352	11,094,578
LIABILITIES:			
Accounts payable	469,647	211,691	$ 681,338
Accrued Liabilities	7,772	4,926,907	4,934,679
Due to other funds	5,477,807	-	5,477,807
Other liabilities	-	754	754
TOTAL LIABILITIES	5,955,226	5,139,352	11,094,578
NET POSITION	$ -	$ -	$ -

The accompanying notes are an integral part of these statements.

COUNTY OF MONTGOMERY, NEW YORK

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Internal Service Funds		
	Health Insurance	Workers' Compensation	Total
Operating revenue:			
Charges for services - other governments	$ 1,661,529	$ 621,189	$ 2,282,718
Charges for services - internal	5,781,728	751,879	6,533,607
Other operating revenue	-	71,304	71,304
Total operating revenue	7,443,257	1,444,372	8,887,629
Operating expenses:			
Claims	6,805,177	1,027,175	7,832,352
Salaries and benefits	71,217	62,061	133,278
Contractual expenses	628,744	363,582	992,326
Total operating expenses	7,505,138	1,452,818	8,957,956
Operating (loss) gain from operations	(61,881)	(8,446)	(70,327)
Non-operating revenue (expense):			
Interest income	568	8,446	9,014
Insurance recoveries	61,313	-	61,313
Total non-operating revenue	61,881	8,446	70,327
Change in net position	-	-	-
Net position - beginning of year	-	-	-
Net position - end of year	$ -	$ -	$ -

The accompanying notes are an integral part of these statements.

COUNTY OF MONTGOMERY, NEW YORK

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Internal Service Funds		
	Health Insurance	Workers' Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from participating governments	$ 1,610,815	$ 1,241,449	$ 2,852,264
Cash received from County	5,829,656	1,453,339	7,282,995
Cash received from other sources	-	71,304	71,304
Cash payments made for claims and claims related expenses	(5,013,352)	(2,261,636)	(7,274,988)
Cash payments for salaries and related benefits	(72,033)	(61,238)	(133,271)
Cash payment for services and insurance	(640,332)	(213,183)	(853,515)
Net cash (used in) provided by operating activities	1,714,754	230,035	1,944,789
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Cash received from insurance recoveries	61,313	-	61,313
Net cash (used in) provided by noncapital financing activities	61,313	-	61,313
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	568	8,446	9,014
Net cash flow provided by investing activities	568	8,446	9,014
CHANGE IN CASH	1,776,635	238,481	2,015,116
CASH - beginning of year	1,798,083	2,047,186	3,845,269
CASH - end of year	$ 3,574,718	$ 2,285,667	$ 5,860,385
RECONCILIATION OF OPERATING (LOSS) GAIN TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:			
(Loss) gain from operations	$ (61,881)	$ (8,446)	$ (70,327)
Adjustments to reconcile (loss) gain from operations to net cash (used in) provided by operating activities:			
Change in:			
Accounts receivable	(50,714)	1,365,623	1,314,909
Due from other funds	47,928	-	47,928
Prepaid expenses	(11,588)	-	(11,588)
Accounts payable	174,626	150,399	325,025
Accrued Liabilities	(816)		(816)
Due to other funds	1,617,199	(1,233,638)	383,561
Unearned revenue	-	(43,903)	(43,903)
Net cash (used in) provided by operating activities	$ 1,714,754	$ 230,035	$ 1,944,789

The accompanying notes are an integral part of these statements.

COUNTY OF MONTGOMERY, NEW YORK

STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2018

	Agency Fund
ASSETS:	
Cash	2,222,016
Total assets	$ 2,222,016
LIABILITIES:	
Due to other funds	$ 84
Due to other governments	584,849
Agency liabilities	1,637,083
Total liabilities	$ 2,222,016

The accompanying notes are an integral part of these statements.

COUNTY OF MONTGOMERY, NEW YORK

STATEMENTS OF NET POSITION - DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2018

	Montgomery County Industrial Development Agency	Montgomery County Capital Resource Corporation	Total Discretely Presented Component Units
ASSETS:			
Current assets:			
Cash	$ 1,913,593	$ 210,987	$ 2,124,580
Accounts receivable	191,203	-	191,203
Grants receivable	300,000	-	300,000
Due from Montgomery County	265,919	-	265,919
Revolving loan fund receivable	6,073	-	6,073
Prepaid expenses	3,183	-	3,183
Total current assets	2,679,971	210,987	2,890,958
Noncurrent assets:			
Capital assets, net	2,052,663	-	2,052,663
Total long-term assets	2,052,663	-	2,052,663
Total assets	4,732,634	210,987	4,943,621
LIABILITIES:			
Current liabilities:			
Accounts payable	779,641	-	779,641
Due to Montgomery County	1,195,000	-	1,195,000
Other liabilities	7,500	-	7,500
Total current liabilities	1,982,141	-	779,641
Total liabilities	1,982,141	-	1,982,141
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - unearned revenue	46,665	-	46,665
NET POSITION:			
Net Investment in capital assets	857,663	-	857,663
Restricted	83,845	-	83,845
Unrestricted	1,762,320	210,987	1,973,307
Total net position	$ 2,703,828	$ 210,987	$ 2,914,815

The accompanying notes are an integral part of these statements.

COUNTY OF MONTGOMERY, NEW YORK

STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - DISCRETELY PRESENTED COMPONENT UNITS FOR THE YEAR ENDED DECEMBER 31, 2018

	Montgomery County Industrial Development Agency	Montgomery County Capital Resource Corporation	Total Discretely Presented Component Units
Operating revenue:			
Fees and rents	$ 1,006,946	$ -	$ 1,006,946
Total operating revenue	1,006,946	-	1,006,946
Operating expenses:			
Payroll and benefits	56,257	-	56,257
Contractual	457,772	1,500	459,272
Depreciation	3,251	-	3,251
Total operating expenses	517,280	1,500	518,780
Operating loss from operations	489,666	(1,500)	488,166
Non-operating revenue:			
Interest income	1,659	105	1,764
Grant income	300,426	-	300,426
Total non-operating revenue	302,085	105	302,190
Change in net position	791,751	(1,395)	790,356
Net position - beginning of year	1,912,077	212,382	2,124,459
Net position - end of year	$ 2,703,828	$ 210,987	$ 2,914,815

The accompanying notes are an integral part of these statements.

1. NATURE OF OPERATIONS

County of Montgomery, New York (the County) was originally carved out of Albany County on March 12, 1772, as Tryon County. Its name was changed to Montgomery County on April 1, 1784. The County is governed by its County Charter, adopted August 14, 2012, effective January 1, 2014. The County Legislature, which is the legislative body responsible for the overall operation of the County, consists of nine members. Each member has an equal vote for the District they represent. The County Executive, elected for a four-year term, serves as Chief Executive Officer of the County. The County Treasurer, elected for a four-year term, serves as Chief Fiscal Officer of the County and is responsible for disbursements, accounting, collecting taxes and revenues, and has custody of all public funds of the County.

Independently elected officials of the County include the County Executive, nine County Legislators, County Clerk, County Treasurer, and Sheriff

The County provides services and facilities in the areas of culture, recreation, social services, education, police, youth, health, senior services, sanitary sewers and transportation infrastructure. These general government programs and services are financed by various taxes, state and federal aid, and departmental revenue (which is primarily comprised of service fees and various types of program-related charges). The County provides mandated social service programs such as Medicaid, Temporary Assistance for Needy Families, and Safety Net.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

The financial reporting entity is determined in accordance with GASB Codification Section 2100 *Defining the Financial Reporting Entity,* including legal standing, fiscal dependency and financial accountability, selection of governing authority, ability to significantly influence operations, and the primary government’s economic benefit from resources of the affiliated entity. Based on the application of these criteria, the entity discussed below is included in the County’s reporting entity.

Discretely Presented Component Units - Montgomery County Industrial Development Agency (the IDA) is a public benefit corporation established by Section 914-a of the General Municipal Law of the State of New York; its members are appointed by the Montgomery County Board of Supervisors. The IDA is empowered by law to issue tax exempt bonds to finance qualified industrial development and pollution control projects undertaken by private firms. It also may purchase, develop, manage, sell and lease real property, including land and buildings, for the purpose of creating jobs, and serving the public welfare generally; its real property used for such public purpose is exempt from property tax by law.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Montgomery County Capital Resource Corporation (the CRC) is a New York State public authority and exempt from federal income taxes under Section 501(c)(3). Its members are appointed by the Montgomery County Board of Supervisors. The CRC was established to promote community and economic development and the creation of jobs in the non-profit and for-profit sectors by developing and providing programs for not-for-profit institutions, manufacturing, and industrial businesses and other entities to access low interest, non-tax ,and taxable financing for eligible projects.

As separate public authorities, the IDA and CRC have their own management and financial structure, and the County provides no financial oversight over their operations. However, the County appoints a majority of the IDA's Board members and the County has amounts due to and from the IDA. The IDA and CRC's annual financial reports may be obtained by writing the Organizations at 9 Park Street PO Box 1500, Fonda, New York 12068.

Joint Venture - The County is a participant in the operations of Fulton-Montgomery Community College (the Community College) along with the County of Fulton, New York (Fulton County). The Community College, a two-year educational institution, was established for the purpose of providing educational services primarily to residents of Montgomery and Fulton Counties. Separate financial data for this joint venture has been excluded from the basic financial statements, consistent with GAAP. Additional information about this joint venture is presented in Note 13.

Government-Wide and Fund Financial Statements

The County's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements, which provide more detailed level of financial information.

Government-Wide Financial Statements - The statement of net position and the statement of activities present information on all non-fiduciary activities of the County. Interfund transactions between the same type of activity and the transactions of the internal service funds are eliminated to avoid duplication of revenues and expenses. The statements distinguish between those activities of the County that are governmental, which are typically supported by taxes and intergovernmental revenues, and those that are considered business-type activities, which rely to a significant extent on fees and charges for support. The statement of net position presents the financial condition of the governmental activities for the County at year-end. The County has no business-type activities. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues that are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements - During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at a more detailed level. 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. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service funds are presented in separate columns on the face of the proprietary fund statements. Fiduciary funds are reported by type.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary funds.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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 when they are susceptible to accrual, which is when they become both measurable and available. Measurable means the amounts can be reasonably determined.

Available means the amounts are collectible in the current period or soon enough thereafter to pay liabilities of the current period. For reporting purposes, the County considers certain revenues to be available if they are collected in the current period or are expected to be collected soon enough after the end of the period to be used to pay liabilities of the current period. For real property taxes, the County follows GAAP and considers real property taxes to be available if they are collected within 60 days of the end of the year. Real property taxes determined to be collectible after the 60-day period are recorded as deferred inflows of resources.

Significant revenues considered to be susceptible to accrual, in addition to real property taxes, include sales tax, state aid, federal aid and certain other significant revenues. Long-term historical payment patterns of state and federal aid are considered in determining whether such payments are susceptible to accrual. Fines, forfeitures, permits, and other miscellaneous revenues are not susceptible to accrual generally because they are not measurable until received.

The County also reports unearned revenues on its fund financial statements and statement of net position for certain revenues other than real property taxes. Unearned revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when the County receives resources before all eligibility requirements have been met except for time requirements, as when grant monies and intergovernmental aid are received prior to the occurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria have been met, the liability for unearned revenue is removed from the governmental balance sheet and statement of net position and revenue is recognized.

Governmental fund 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, and claims and judgments, are recorded only when payment is due. Costs of acquiring capital assets are recorded as expenditures when the related acquisition costs are due and payable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The activities of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The accounts of each fund are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. The County reports the following governmental funds as major funds:

General Fund – This is the principal fund of the County and includes all operations not required to be recorded in other funds.

Capital Projects Fund – This fund is used to account for the acquisition, construction, and/or reconstruction of capital assets.

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

Special Grant Fund – This fund used to account for funds received from the U.S. Department of Housing and Urban Development's Community Development Small Cities Block Grants.

County Road Fund – This fund is used to account for the construction and maintenance of County roads and other transportation expenses in accordance with Section 114 of the New York State Highway Law.

Road Machinery Fund – This fund Is used to account for the purchase, repair, maintenance, and storage of highway machinery, tool and equipment pursuant to Section 133 of the New York State Highway Law.

Sewer Fund – Is used to account for operations of the Montgomery County Sanitary Sewer District No. 1 (Sewer District) conducted in portions of the County. During the 1970s, the County Board of Supervisors established the Sewer District) in accordance with provisions of the County Law, after the State granted permission to establish this District. The Sewer District encompasses the Villages of Fort Plain, Nelliston, Palatine Bridge, and portions of the towns outside these villages. All matters relating to membership of the Sewer District Board of Directors are determined by the Board of Legislators and the County Treasurer serves as Chief Fiscal Officer of the Sewer District. The Sewer District's operating budget is adopted by the County Legislature, including raising taxes for Sewer District purposes. The County Legislature retains general oversight responsibilities, including monitoring Sewer District activities through detailed reporting to the Legislature of the Sewer District's work and transactions in such form and for such periods as the County Legislature directs. Accordingly, the Sewer District is reported in the financial statements as a blended component unit.

Post Closure Fund – This fund was established in 2014 to manage the residual activity associated with the dissolution of the Montgomery-Otsego-Schoharie Solid Waste Management Authority.

Permanent Fund – This fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used to support a cemetery within the County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

The County reports the following major proprietary funds:

Internal Service Funds – These funds are used to account for the financing of goods or services provided by one department to other departments on a cost-reimbursement basis. The County uses two internal service funds, which are considered to be major funds, to account for these self-insured risk management activities.

Health Insurance Fund – Is used to account for the accumulation of resources for the provision of health benefits and other obligations related to the administration of health benefits using a combination of self-insurance and stop loss premium based insurance coverage. The Health Insurance Fund reports any activity that provides goods and services to other funds or departments on a cost-reimbursement basis. The fund was established as of July 1, 2007 to account for the provision of health insurance benefits to County employees in accordance with General Municipal Law Section 92.a. As authorized by the County Board of Supervisors, the City of Amsterdam was a participant in the County's program. The City's participation ceased as of June 30, 2012. The program's general objectives are to formulate, develop, and administer, on behalf of its sponsoring members, a program of insurance, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Premium equivalent based payments are established annually based on an estimate of the value of claims to be paid in the succeeding year. In addition to these premium equivalent based payments, sponsoring members are subject to supplemental assessments in the event of deficiencies. At December 31, 2018, sponsoring members include Montgomery County and Montgomery County Sanitary Sewer County No. 1 employees.

Workers' Compensation Fund – Is used to account for the accumulation of resources for payment of compensation, assessments and other obligations under workers' compensation law, Article 5, as assessed by the State of New York Workers' Compensation Board. The Fund was organized in August 1956 to provide workers' compensation benefits coverage for its member organizations. In accordance with Local Law No. 2 of 1956, as amended by Local Law 1 of 1991, the City of Amsterdam, municipal authorities, and all towns and villages in the County are eligible to participate. The program's general objectives are to formulate, develop, and administer, on behalf of the members, a program of insurance, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Annual assessments are established based on an estimate of the value of claims to be paid in the year. Fund members are subject to supplemental assessments, in addition to the annual assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for all remaining Fund liabilities. Fund members currently include Montgomery County, the City of Amsterdam (with the exception of the City's police and fire personnel), 18 towns and villages (which include volunteer fire departments and volunteer ambulance corps), and Fulton-Montgomery Community College.

The County reports the following fiduciary funds. The fiduciary funds are used to account for assets held by the County in a trust or agent capacity for individuals, private organizations, other governmental units, and/or other funds.

Agency Fund - This fund is used to account for assets held by the County as an agent for individuals, private organizations, other governments, or other funds pending payment to the appropriate parties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the internal service funds are charges to local municipalities and County departments for services. Operating expenses for the internal service fund include claim payments and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchases orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of budgetary control in in the governmental funds. Encumbrances outstanding at year end are reported as assignments of fund balances since they do not constitute expenditures or liabilities.

Cash and Cash Equivalents

Cash includes cash on hand, demand deposits, time deposits, and short-term certificates of deposit with original or remaining non-cancellable maturities of three months or less.

The County's investment policies are governed by State statutes and various resolutions of the County Legislature. County monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S. Government agencies and obligations of New York State or its localities. Collateral is required for demand deposits and time and saving deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Capital Assets

Capital assets, which include property, buildings, equipment, and infrastructure assets (e.g. roads, bridges, dams, drainage systems, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the County as assets which are purchased or constructed, have a useful life of one or more years, and have an asset cost equal to or greater than $20,000 for classes of assets. Such capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Capital assets are not depreciated, which is a departure from generally accepted accounting principles.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, 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 then.

The County reported deferred inflows of resources for taxes receivable not collected within 60 days of year end, long term accounts receivable and loans and grant funds collected in advance. These amounts are detailed in in Note 9.

The County also reports 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 plan in Note 12.

Compensated Absences

As per negotiated agreements, County employees are allowed to accrue sick leave and unused vacation time at varying rates based on number of years of service. Upon retirement, an employee is entitled to be paid in cash for unused sick leave and vacation time at the rates stipulated in the applicable negotiated agreements and up to any set limits.

Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The County has directly purchased commercial insurance for all risk mentioned above with minimal deductible amounts except for certain pollution control risks, health benefits insurance, unemployment claims, and workers' compensation insurance. Other than self-insurance claims, which are accounted for in the internal service funds, the County records risk related liabilities not covered by its various insurance programs in the governmental funds when they become due and payable. Estimated contingent liabilities not covered by insurance (i.e., those not due and payable) are recorded in the statement of net position as a long-term liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Real Property and Non-Property Taxes

County real property taxes are levied annually on or before December 31 and become a lien on January 1. Taxes are collected during the period of January 1 to the date of the tax sale, which generally occurs in October. Taxes for County purposes apportioned to the area of the County outside the City of Amsterdam are levied together with taxes for town and special County purposes as a single bill. The towns and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. The County assumes enforcement responsibility for all taxes levied in the towns and villages. The City enforces the collection of County taxes levied on properties within the City of Amsterdam. Property tax is recognized as revenue in the year for which the property tax is levied, and to the extent that such taxes are received within the reporting period or sixty days thereafter.

Unpaid City School County taxes outside City boundaries, non-city school County taxes, and village taxes are turned over to the County for enforcement. Taxes remaining unpaid at year-end for non-city school County taxes are relieved as County taxes in the subsequent year.

At December 31, 2018, total real property tax receivables of $8,971,264 is net of an allowance for uncollectible taxes of $240,112. Included in total real property taxes are current year school taxes of $2,216,225 and village taxes of $504,215 that are offset by liabilities to the school districts and villages, which will be paid no later than April 1, 2019. The remaining portion of tax receivables is offset by deferred tax revenue of $5,579,309 and represents an estimate of the taxes, which will not be collected within the first sixty (60) days of the subsequent year.

The primary non-property tax item is sales tax, which is derived tax revenue resulting from non-exchange transactions. Sales tax revenues are collected from vendors by New York State and are distributed to the County each month. Sales tax revenue is accrued as revenue based on the date on which the underlying sale occurs. The resultant receivable of $3,114,758 is included within state and federal receivables.

The County has entered into an agreement with the City, Towns, and Villages for the distribution of sales tax. Per the terms of agreement, the County will distribute 15% of net sales tax revenues to the City on a monthly basis and 35% of such revenues to the Towns and Villages in the area of the County outside the City, in proportion to respective total full valuation of real property of such Towns and Villages, on a quarterly basis for the original 3% tax collected. With the additional 1% tax collected, the County retains 80%, the City receives 18% and the Villages receive 2% in proportion to respective total full valuation of real property such as Towns and Villages on a quarterly basis.

Retirement Benefits

The County participates in the New York State and Local Employees' Retirement System (ERS). ERS is a cost sharing multiple employer system that provides pension benefits as well as death and disability benefits.

In addition to providing pension benefits, the County provides certain health benefits for retired employees. Substantially all of the County's employees who retire from the County have the option of receiving these benefits that are provided through the County's health insurance coverage. The annual cost of health care, which is recognized on the pay-as-you-go basis in the governmental funds, was $5,780,911 for 2018. The cost of providing this benefit for the approximately 225 retirees is not separated from the cost of providing benefits for the approximately 350 active employees. The County does not calculate an estimated total OPEB liability as required by GAAP and record the liability in its statement of net position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance and Net Position Classification

Fund balance is classified to reflect spending constraints on resources, rather than availability for appropriation, to provide users more consistent and understandable information about a fund's net resources. Constraints are broken down into five different classifications: nonspendable, restricted, committed, assigned, and unassigned. The classifications serve to inform the reader of the financial statements of the extent to which the government is bound to honor constraints on the specific purposes for which resources in a fund can be spent. The County's constraints for each of the five different classifications are as follows:

Nonspendable – Includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Nonspendable fund balance includes the amounts held in perpetuity in the Permanent Fund of $12,032.

Restricted – Includes amount with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted fund balance represents amounts for Stop-DWI ($47,686), E-911 ($267,044), Occupancy Tax ($68,149), and Farmland Protection ($181,201).

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by action of the Board of Supervisors. The County has no committed fund balance.

Assigned – Includes amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor nonspendable. All positive amounts related to funds other than the General Fund that are not otherwise classified as nonspendable, restricted or committed are classified as assigned. In the General Fund encumbrances and appropriated fund balance are classified as assigned.

Unassigned – Includes all other General Fund balance that does not meet the definition of the other four classifications and are deemed available for general use by the County.

For classification of governmental fund balances the County considers expenditures to be made from restricted resources first, then in the following order committed, assigned, and unassigned resources.

In the County's governmental activities and proprietary funds, net position is classified into the following categories:

Net investment in capital assets: capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted: net position restricted for specific purposes by law or parties external to the County

Unrestricted: net position that is not classified as net investment in capital assets or restricted.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first and then unrestricted resources as they are needed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and during the reported period. Actual results could differ from those estimates.

3. CHANGE IN BASIS OF ACCOUNTING

For the year ended December 31, 2018, the County has elected to prepare its financial statements in accordance with generally accepted accounting principles (GAAP). Previously, the County prepared its financial statements using an other basis of accounting as allowed by the New York State Office of the State Comptroller. The primary differences in GAAP reporting and the other basis of accounting previously followed are that under the other basis of accounting, government-wide statements are not prepared and certain required supplementary information is not presented. Generally accepted accounting principles require counties to prepare government-wide financial statements using the accrual basis of accounting and the economic resources measurement focus. The implementation of GAAP resulted in the need to determine government wide net position as of January 1, 2018. A reconciliation of governmental fund balance as of January 1, 2018 to net position as of January 1, 2018 follows:

Governmental fund balance at January 1, 2018	$ 19,321,573
Adjustments to determine beginning net position for the statement of activities:	
Capital assets	47,904,810
Deferred outflows - pensions	5,922,400
Accrued interest	(370,535)
Bonds payable	(31,808,000)
Due to other governments	(129,385)
Compensated absences	(1,307,979)
Net pension liability	(7,026,794)
Workers' compensation	(3,139,728)
Deferred inflows - long term receivables	2,211,708
Defered inflows - property taxes	6,835,703
Defered inflows pensions	(2,195,538)
Internal service fund activity	987,340
	$ 37,205,575

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Annual budgets for most governmental funds are adopted on a basis consistent with the measurement focus and basis of accounting used for the applicable fund. Encumbrances outstanding at year-end are accounted for by an assignment of fund balance. All un-encumbered appropriations lapse at the end of the fiscal year. Budgetary comparisons for major funds presented in the required supplemetary information schedules compare actual transactions with the final budget as modified.

The County employs the following budgetary procedures:

- No later than September 5, the County Executive/Budget Officer submits a tentative budget to the County Legislature for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds except the Capital Projects Fund, the Soil and Water Conservation District, and the Special Grant Fund.

- After public hearings are conducted to obtain taxpayer comments, no later than October 15, the County Legislature adopts the budget.

- All modification of the budget must be approved by the County Legislature. However, the County Executive\Budget Officer is authorized to transfer certain budgeted amounts within departments.

- Budgetary controls are established for the Capital Projects Fund through a five-year budget and resolutions authorizing individual projects remain in effect for the life of the project.

Property Tax Limitations

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

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

The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof. The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the County to increase its overall real property tax levy over the tax levy of the prior year by no more than the Allowable Levy Growth Factor, which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however, that in no case shall the levy growth factor be less than one. The Inflation Factor is the quotient of: (i) the average of the 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 Indices determined by the United States with the result expressed as a decimal to four places.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Property Tax Limitations (Continued)

The County is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the County, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the County. The County Legislature may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the County Legislature first enacts, by a vote of at least sixty percent of the total voting power of the County Legislature, a local law to override such limit for such coming fiscal year.

5. CASH AND CASH EQUIVALENTS

It is the County's policy for deposits, including repurchase agreements, to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance.

At year-end, the bank balance of the County's deposits was $28,791,343, which was available for use and required collateral. Of the available bank balance, FDIC coverage was $1,390,300 and the remaining balance was collateralized with securities held by an agent of the County in the County's name.

Cash, restricted, in the non-major funds (Permanent Fund) of $12,032, at December 31, 2018, represents monies permanently restricted by donors, the income from which is to be used as stipulated by the donors.

6. LOANS RECEIVABLE

The County is the recipient of several Community Development Block Grants to operate a revolving loan fund. This money is to be loaned to industry and not-for-profit organizations for the purpose of creating and retaining permanent jobs within the County. The loans require periodic payments of principal and interest, and each loan is collateralized by machinery and/or equipment. The loans outstanding as of December 31, 2018 are as follows:

Loan	Interest Rate	Amount Outstanding
Carolina Club Inc.	2.00%	$ 18,272
Hill & Markes	3.25%	90,366
RAMA-Home Helpers	3.25%	95,855
AJ Bake Factory	3.50%	192,372
Flooring Authority	3.50%	235,518
TES Corporation	3.50%	120,978
Executive Trim Group, Inc.	4.75%	500,000
Lee Shops	4.25%	383,695
Total		1,637,056
Less: Allowance for Doubtful Accounts		(245,558)
		$ 1,391,498

7. INTERFUND ACTIVITIES

During the course of normal operations, the County recognizes numerous transactions between funds including expenditures for the provision of services, as well as transfers between funds to finance various projects or debt payments. Interfund activities at December 31, 2018 were as follows:

Fund	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
General	$6,951,522	$2,048,153	$ -	$5,200,871
Capital Projects	-	1,654,495	1,567,733	-
Non-Major funds	248,509	212,396	5,200,871	1,567,733
Health Insurance	2,192,904	5,477,807	-	-
Agency	-	84	-	-
Total	$9,392,935	$9,392,935	$6,768,604	$6,768,604

Operating transfers among funds are provided as part of the annual budget. Each year, the County generates revenue in the General Fund from real property taxes, sales taxes and other general revenues to be used to subsidize operations of other funds. Transfers provide the major revenues for the County Road, a non-major fund from the General Fund. The County Road Fund also provides funds to the Capital Projects Fund for certain capital projects.

8. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2018:

	Balance at January 1, 2018	Additions	Deletions	Balance at December 31, 2018
Capital assets				
Land	$ 1,279,603	$ -	$ -	$ 1,279,603
Infrastructure	-	2,577,214	-	2,577,214
Buildings and improvements	30,666,860	424,404	-	31,091,264
Machinery and equipment	15,958,347	1,714,556	190,226	17,482,677
Total capital assets	$ 47,904,810	$ 4,716,174	$ 190,226	$ 52,430,758

The County does not record depreciation on its capital assets.

9. DEFERRED INFLOWS OF RESOURCES

General Fund

The deferral represents long-term receivables, the amount of unearned tax revenue that is not expected to be collected within the County's revenue recognition period and advances of State and Federal Aid. The balance consists of the following:

Receivable from Montgomery County IDA	$	900,000
Advances of federal and state aid		521,196
Property taxes receivable		5,579,309
Total	$	7,000,505

Special Grant Fund

Deferred inflows of $1,391,498 at December 31, 2018, represent the net amount of outstanding loans from Community Development Block Grants that are expected to be collected and become available for additional loans. When loan payments are received, revenue is recognized to the extent of principal and interest received. When grant funds are re-loaned, a corresponding expenditure will be recorded. When a loan is written off as uncollectible, a corresponding decrease in the amount of deferred revenue is made in the same period, the effect of which is to reduce the overall amount of funds available for future loans.

Capital Projects Fund

Deferred inflows of $369,635 at December 31, 2018, represents the amount of an outstanding loan from the Montgomery County IDA.

10. SHORT TERM DEBT

Bond anticipation notes (BANs) are authorized by New York State Local Finance Law and are issued as short-term, temporary financing for capital purposes. Liabilities for BANs are accounted for in the Capital Projects Fund for governmental purposes. Principal payments on BANs must be made annually. Interest expense is recorded in the fund servicing the debt. New York State law requires that BANs issued for capital purposes be redeemed from appropriations or be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing provided that stipulated annual reductions of principal are made. The County has no BANs outstanding that were issued for assessable improvements. BAN activity for the year ended December 31, 2018, is as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
BAN maturing 12/20/2019 at 2.720%	$ 256,000	$ -	$ 64,000	$ 192,000
BAN maturing 10/11/2019 at 1.30%	-	7,170,000	-	7,170,000
BAN maturing 10/12/2018 at 1.30%	4,170,000	-	4,170,000	-
Total	$ 4,426,000	$ 7,170,000	$ 4,234,000	$ 7,362,000

11. LONG - TERM LIABILITIES

Changes in the County's long-term liabilities for the year ended December 31, 2018 are as follows:

	Balance at January 1, 2018	Additions	Deletions	Balance at December 31, 2018	Amounts due Within One Year
Governmental activities:					
General Obligation Bonds	$ 31,808,000	$ 2,400,000	$ 2,913,000	$ 31,295,000	$3,055,000
Compensated Absences	1,307,979	-	132,879	1,175,100	-
Workers' Compensation Claims	3,139,728	269,288	797,958	2,611,058	-
Net Pension Liability	7,026,794	-	4,487,275	2,539,519	-
Due to Other Governments	129,385	-	64,693	64,692	64,692
Total governmental long-term debt	$ 43,411,886	$ 2,669,288	$ 8,395,805	$ 37,685,369	$ 3,119,692

General Obligation Bonds

The County, like most governmental entities, borrows money in order to acquire land or equipment or construct buildings and improvements. This policy enables the cost of capital assets to be borne by the present and future taxpayers receiving the benefit of these capital assets. These long-term liabilities, which are secured by the full faith and credit of the County, are recorded in the statement of net position. The provisions to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of these long-term liabilities.

A summary of the general obligation bonds outstanding at December 31, 2018 is as follows:

	Issued	Original Amount	Interest Rate	Final Maturity	Outstanding
Various capital projects	2009	7,560,000	4.00% - 5.00%	2029	5,145,000
Florida Ind. Park land purchase	2011	960,000	4.90% - 5.00%	2021	340,000
Refunding bonds	2013	6,150,000	2.00% - 3.125%	2022	800,000
Refunding of 2006 bonds	2015	3,450,000	2.00% -5.00%	2024	2,655,000
Various capital projects	2015	8,150,000	2.00% - 2.75%	2030	6,800,000
Various capital projects	2016	6,733,031	2.00% - 2.375%	2032	6,050,000
Various capital projects	2017	3,073,000	2.25% - 3.00%	2032	2,885,000
Refunding bonds	2017	4,225,000	1.10% - 4.0%	2026	4,220,000
Various capital projects	2018	2,400,000	3.25%-3.375%	2034	2,400,000
					$ 31,295,000

11. LONG-TERM LIABILITIES (Continued)

Aggregate remaining minimum principal and interest payments of general obligation bonds are as follows:

For the year ending December 31,	Principal	Interest	Total
2019	$ 3,055,000	$ 978,120	$ 4,033,120
2020	2,730,000	889,396	3,619,396
2021	2,810,000	798,189	3,608,189
2022	2,720,000	699,164	3,419,164
2023	2,770,000	612,886	3,382,886
2024-2028	11,780,000	1,830,627	13,610,627
2029-2033	5,240,000	290,642	5,530,642
2034	190,000	6,413	196,413
	$ 31,295,000	$ 6,105,437	$ 37,400,437

Due to Other Governments

During 1996, the County entered into an agreement with the Town of Glen to repay the debt of the Town for the purpose of extending water and sewer services to the new public safety facility initially funded by BANs. During 1999, the Town issued Serial Bonds to repay the BANs.

A summary of the amount due to the Town of Glen at December 31, 2018 is as follows:

Issued	Original Amount	Interest Rate	Final Maturity	Outstanding
1999	$ 841,000	5.4%-5.5%	2019	$ 64,692

Aggregate remaining minimum principal and interest payments of amounts due to other governments are as follows:

For the year ending December 31,	Principal	Interest	Total
2019	$ 64,692	$ 3,558	$ 68,250

12 PENSION PLAN

New York State Employees' Retirement System

The County participates in the New York State and Local Employees' Retirement System (ERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system, providing 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 (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. System benefits are established under the provisions of the New York Retirement and Social Security Law (RSSL). Once an 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 (GLIP), 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 or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Contributions
The system is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27th, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2018	$	2,528,614
2017	$	2,529,930
2016	$	3,032,083

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the County reported a liability of $2,539,519 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2017. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2018, the County's proportion was 0.0786851%, which was an increase from 0.0747832% from its proportion at December 31, 2017.

12. PENSION PLAN (Continued)

New York State Employees' Retirement System (Continued)

At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 905,764	$ 748,490
Changes of Assumptions	1,683,911	-
Net difference between projected and actual earnings on pension plan investments	3,688,451	7,280,632
Changes in proportion and differences between the County's contributions and proportionate share of contributions	202,181	1,208,989
Contributions subsequent to measurement date	1,843,791	-
	$ 8,324,098	$ 9,238,111

A total of $1,843,791 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended March 31:	
2019	$ 103,028
2020	105,933
2021	(2,039,329)
2022	(927,436)
2023	-
Thereafter	-
	$ (2,757,804)

Actuarial Assumptions

The total pension liability at March 31, 2018, was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018. The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary scale	3.8% indexed by service
Projected COLAs	1.3% compounded annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014
Investment Rate of Return	7.0% compounded annually, net of investment expenses

12. PENSION PLAN (Continued)

New York State Employees' Retirement System (Continued)

Long Term Rate of Return

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

Asset Type	Target Allocations	Long Term Expected Real Rate of Return
Domestic Equity	36.0%	4.55%
International Equity	14.0%	6.35%
Private Equity	10.0%	7.50%
Real Estate	10.0%	5.55%
Absolute Return	2.0%	3.75%
Opportunistic Portfolio	3.0%	5.68%
Real Asset	3.0%	5.29%
Bonds and Mortgages	17.0%	1.31%
Cash	1.0%	-0.25%
Inflation Indexed Bonds	4.0%	1.25%
	100.0%	

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan'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.

Discount Rate Sensitivity

The County's proportionate share of the net pension liability calculated using the respective discount rate as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate are as follows:

	1 % Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Proportionate Share of Net Pension liability (asset)	$ 19,214,689	$ 2,539,519	$ (11,567,007)

12. PENSION PLAN (Continued)

New York State Employees' Retirement System (Continued)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2018, were as follows (in thousands):

	Pension Plan's Fiduciary Net Position
Total pension liability	$ 183,400,590
Net position	(180,173,145)
Net pension liability (asset)	$ 3,227,445
Fiduciary net position as a percentage of total pension liability	98.2%

13. JOINT VENTURE

The operations of the Fulton Montgomery Country Community College (Community College) are undertaken jointly with Fulton County, under the provisions of Article 126 of the Education Law and under the terms of an agreement between the two counties dated March 1963 and is excluded from the County's financial statements. The Community College is governed by a Board of Trustees whom a majority are appointed by Fulton and Montgomery Counties. The Counties are responsible for Community College costs not funded through state aid or tuition. The Counties also assume liability for any Community College operating fund deficit, should any operating deficit be incurred. The Counties' governing board also retain certain budgetary approval powers. Each County's share of the Community College's operating budget is based on enrollment. For the 2017-2018 fiscal year the County's share of the Community College's operating budget was approximately 12% and payments to the Community College for the fiscal year ended December 31, 2018, totaled approximately $2,100,000. All capital projects for the Community College are jointly sponsored and funded by Fulton and Montgomery Counties. The County expended $265,698 for Community College capital projects in 2018. The Community College issues separate financial statements and can be obtained by contacting the Community College at 2805 State Highway 67, Johnstown, New York 12095. Summarized financial information for the Community College as of and for the year ended August 31, 2018, is as follows:

		Component Units		
	Primary Institution	Foundation	Fulmont College Association	Total Reporting Unit
Statement of net position:				
Total assets	$ 25,625,741	$ 6,974,523	$ 11,095,678	$ 43,695,942
Total deferred outflows of resources	2,416,407	-	-	2,416,407
Total liabilities	13,303,194	771,972	11,417,206	25,492,372
Total deferred inflows of resources	1,011,830	-	-	1,011,830
Total net position	$ 13,727,124	$ 6,202,551	$ (321,528)	$ 19,608,147
Statement of revenue, expenses and changes in net position:				
Total operating revenue	$ 6,983,020	$ 951,451	$ 3,424,089	$ 11,358,560
Total operating expenses	(24,734,490)	(2,156,234)	(3,169,443)	(30,060,167)
Net non-operating revenue (expense)	16,528,287	274,633	(325,593)	16,477,327
Capital appropriations	4,073,803	-	-	4,073,803
Increase (decrease) in net position	$ 2,850,620	$ (930,150)	$ (70,947)	$ 1,849,523

14. INSURED AND SELF-INSURED ACTIVITIES

Workers' Compensation and other Risks of Loss

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The County has directly purchased commercial insurance for all risk above with minimal deductible amounts except for certain pollution control risks, health benefits insurance, unemployment claims, and workers' compensation insurance. The County has established an internal service fund to account for losses, claims and judgments, relating to it workers' compensation exposures. This internal service fund is used to account for and finance the County, and in the case of workers' compensation, its' plan members uninsured risk of loss. Settled claims have not exceeded the annual self-insurance funding in any of the past three fiscal years.

All funds of the County and, in the case of workers' compensation, other governments within the County, participate in the self-insurance program and assessments to participating funds and governments have been made based upon premium equivalents which have been sufficient to satisfy claims as they have arisen, but not sufficient to fully satisfy estimates of claims incurred but not reported (IBNR). Claims and judgments are recognized consistent with the requirements of GASB Statement No. 10*, Accounting and Financial Reporting for Risk Financing and Related Insurance Losses*, which requires that claims and judgments be recognized when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Internal service fund claim liabilities for both the County and other plan members were $4,921,191 at December 31, 2018 and the County has a receivable from other municipalities within the County that participate in the County's workers' compensation program of $1,316,043.

Changes in the County's workers' compensation claims liability for 2018, 2017, and 2016 were as follows:

Fiscal Year	Balance at Beginning Of Year	Current year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
2018	3,139,728	269,288	797,958	2,611,058
2017	1,781,360	1,933,525	575,157	3,139,728
2016	1,290,420	1,133,861	642,921	1,781,360

Health Insurance

The County provides self-insured health, dental, and vision benefits to its employees. The self-insured program provides medical benefits (except for major medical), dental, and vision benefits on a cost-reimbursement basis. Under the program, the County is responsible for claim payments. A stop loss insurance contract executed with an insurance carrier covers claims over a certain amount. The County established an Internal Service Fund July 1, 2007, for the purpose of self-insuring healthcare benefits for the employees and retirees of the County and City of Amsterdam. The accounting for these health benefits was recorded on a premium equivalent basis rather than on an actual costs basis. Health care claims are recognized consistent with the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Losses,* which requires that claims and judgments be recognized when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. All known claims filed and an estimate of all incurred but not reported claims existing at December 31, 2018, have been recorded as a liability in the Health Insurance Fund based upon an estimate provided by the third party administrator.

14. INSURED AND SELF-INSURED ACTIVITIES (CONTINUED)

Unemployment Claims

County employees are entitled to coverage under the New York State Unemployment Insurance Law. The County has elected to discharge its liability to the New York State Unemployment Insurance Fund by the benefit reimbursement method, a dollar-to-dollar reimbursement to the fund for benefits paid from the fund to former County employees and charged to the County's account. The County reimburses the New York State Unemployment Insurance Fund from the respective governmental fund in which the employee worked.

15. COMMITMENTS AND CONTINGENCIES

Grant and Aid Programs

The County has received significant amounts of federal and state grants for specified purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the County believes such disallowance, if any, will be immaterial, for all current programs.

Other Claims

The County is a party to various legal actions normally associated with New York State County operations, the aggregate effect, after applying County insurance coverages, is not expected to be material to the future financial condition of the County

Facilities Acquisition and Service Agreement

During 1989, and revised during December 1997, the County entered into an agreement with the Montgomery-Otsego-Schoharie Solid Waste Management Authority (MOSA). As part of the agreement, the County made a commitment to guarantee delivery of a minimum tonnage of solid waste on an annual basis. The agreement was revised in December 1997 and again in December 2002, and if the County does not meet the requirement, it is obligated to pay $86 per ton for the difference in tonnage between the actual usage and the minimum commitment for waste generated within the County. For the period January through December 2011, the County paid $64 per ton for waste generated outside of the MOSA service area. Also as part of this agreement, MOSA assumed responsibility for the cost of landfill operations and closure and obligations under consent orders with the New York State Department of Environmental Conservation. Liability for pollution control claims, if any, will be limited to when the County operated the landfill. At December 31, 2018, no provision has been made in the financial statements for any potential losses.

In 2014, pursuant to Sate Legislation, the Montgomery-Oswego-Schoharie Solid Waste Management Authority (MOSA) was dissolved with the three counties receiving equitable shares of the assets and liabilities of the authority. Montgomery County now operates it solid waste program in-house through a contractual agreement with an outside vendor.

During 2009, the County, along with MOSA, Otsego and Schoharie Counties signed the Post-closure Monitoring and Maintenance Agreement. This agreement formalizes the existing responsibility of the Counties for the post-closure monitoring and maintenance of the three closed landfills. It is the opinion of the County that this agreement provides a municipal guarantee for the closed landfills, eliminating the need for funds being set aside for financial assurance. In consideration for this formal agreement, MOSA has deposited in a County shared bank account, the sum of one million dollars ($1,000,000) to be used for extraordinary expenses associated with the post-closure responsibilities.

16. PROPERTY TAX ABATEMENT

Payments in Lieu of Taxes Agreements (PILOT)

The County has seven real property tax abatement agreements entered into by the Montgomery County Industrial Development Agency (IDA) and 5 agreements with the City of Amsterdam IDA under Article 18-A of the real property tax law. These agreements provide for abatement of real estate property taxes in exchange for a payment in lieu of taxes (PILOT) in compliance with each IDA's Uniform Tax Exemption Policy. In accordance with the policy, the IDA grants PILOTs in accordance with various activities such as new construction, purchasing of an existing facility, or the improvement or expansion of an existing facility. The IDA also has policies for recapture of PILOTs should the applicant not meet certain criteria. All policies are available from the IDA.

Property Tax Agreement with Housing Development and Redevelopment Companies

The County has 1 real property tax abatement agreements entered into by the City of Amsterdam with housing development and redevelopment companies organized pursuant to Article V or Article XI of the Private Housing Finance law of the State of New York (PHFL) for the purpose of creating or preserving affordable housing in the City.

Generally, these agreements provide for a 100 percent abatement of real property taxes in exchange for a payment in payment in lieu of taxes (PILOT) based on a percentage of shelter rents and continue until the property no longer provides the required affordable housing or no longer complies with the requirements of the PHFL.

The following information relates to the PILOT agreements in effect for the year ended December 31, 2018:

Agreements with	Assessed Value	Tax Value	PILOT Received	County Tax Abated
Montgomery County IDA	$ 95,883,006	$ 2,461,136	$ 1,397,812	$ 1,063,324
City of Amsterdam	1,000,000	16,908	16,163	745
City of Amsterdam IDA	7,465,000	126,217	22,436	103,781
	104,348,006	2,604,261	1,436,411	1,167,850

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

COUNTY OF MONTGOMERY, NEW YORK

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2018

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Real property tax items	$ 30,630,795	$ 30,630,795	$ 31,214,969	$ 584,174
Non property tax items	28,709,085	28,713,890	31,130,665	2,416,775
Departmental income	5,992,161	5,992,161	6,407,615	415,454
Intergovernmental charges	502,443	502,443	387,084	(115,359)
Use of money and property	56,607	56,607	115,489	58,882
Fines and forfeitures	95,100	108,054	124,225	16,171
Sale of property and compensation for loss	870,000	870,000	769,604	(100,396)
Miscellaneous local sources	161,000	162,450	324,384	161,934
Interfund revenues	26,680	26,680	16,437	(10,243)
State aid	11,539,246	14,930,521	14,162,681	(767,840)
Federal aid	9,438,741	9,531,957	7,082,031	(2,449,926)
Total revenue	88,021,858	91,525,558	91,735,184	209,626
EXPENDITURES				
General government support	21,102,472	21,523,867	21,592,722	(68,855)
Education	2,045,821	2,045,821	2,104,393	(58,572)
Public safety	8,372,724	9,331,906	8,549,096	782,810
Health	7,022,931	7,575,885	7,418,823	157,062
Transportation	542,000	708,000	549,293	158,707
Economic assistance and opportunity	29,087,445	30,502,244	28,610,509	1,891,735
Culture and recreation	294,075	856,094	775,165	80,929
Home and community services	3,316,300	3,316,300	3,782,217	(465,917)
Employee benefits	10,157,247	10,158,807	9,870,443	288,364
Debt service	4,385,052	4,385,052	3,887,006	498,046
Total expenditures	86,326,067	90,403,976	87,139,667	3,264,309
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	1,695,791	1,121,582	4,595,517	3,473,935
OTHER USES:				
Interfund transfers out	(5,515,791)	(5,425,791)	(5,200,871)	224,920
Total other uses	(5,515,791)	(5,425,791)	(5,200,871)	224,920
REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(3,820,000)	(4,304,209)	(605,354)	3,698,855
FUND BALANCE - beginning of year	13,336,438	13,336,438	13,336,438	-
FUND BALANCE - end of year	$ 9,516,438	$ 9,032,229	$ 12,731,084	$ 3,698,855

See independent auditor's report.

COUNTY OF MONTGOMERY, NEW YORK

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Last 10 Plan Fiscal Years *			
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	2018	2017	2016	2015
Proportion of the net pension liability	0.0786851%	0.0747832%	0.0790112%	0.0761722%
Proportionate share of the net pension liability	$ 2,539,519	$ 7,026,794	$ 12,681,521	$ 2,573,284
Covered-employee payroll	$ 17,179,582	$ 17,186,002	$ 16,586,682	$ 15,799,981
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	14.8%	40.9%	76.5%	16.3%
Plan fiduciary net position as a percentage of the total pension liability	98.2%	94.7%	90.7%	97.9%

* Amounts and percenages reported on Plan fiscal year ending March 31. This Schedule is intended to show information for 10 years. Additional information will be displayed as the information becomes available.

COUNTY OF MONTGOMERY, NEW YORK

SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Last 10 Pan Fiscal Years *			
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	2018	2017	2016	2015
Contractually required contribution	$ 2,528,614	$ 2,529,930	$ 3,032,083	$ 3,246,967
Contributions in relation to the contractually required contribution	2,528,614	2,529,930	3,032,083	3,246,967
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 17,179,582	$ 17,186,002	$ 16,586,682	$ 15,799,981
Contributions as a percentage of covered-employee payroll	14.72%	14.72%	18.28%	20.55%

* Contributions reported on Plan fiscal year ending March 31. This Schedule is intended to show information for 10 years. Additional information will be displayed as the information becomes available.

See independent auditor's report.

SUPPLEMENTARY INFORMATION

COUNTY OF MONTGOMERY, NEW YORK

COMBING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	Special Grant	County Road	Road Machinery	Sewer	Post Closure Fund	Permanent	Total Non-Major Funds
ASSETS:							
Cash and equivalents	$ 1,600,088	$ 512,385	$ 308,622	$ 530,657	$ 323,733	$ -	$ 3,275,485
Restricted cash						12,032	12,032
Accounts and loans receivable, net	1,391,498	339	3,841	94,865	57,763	-	1,548,306
State and federal aid receivables	-	132,235	-	-	-	-	132,235
Due from other funds	-	170,935	41,165	6,769	29,640	-	248,509
TOTAL ASSETS	$ 2,991,586	$ 815,894	$ 353,628	$ 632,291	$ 411,136	$ 12,032	$ 5,216,567
LIABILITIES:							
Accounts payable	$ -	$ 841	$ 45,343	$ 32,012	$ 29,745	$ -	$ 107,941
Accrued Liabilities	-	91,298	36,931	22,390	8,356	-	158,975
Due to other funds	19,075	151,521	23,818	7,491	10,491	-	212,396
Due to other governments	880	-	-	-	-	-	880
Total liabilities	19,955	243,660	106,092	61,893	48,592	-	480,192
DEFERRED INFLOWS OF RESOURCES							
Unearned revenue	1,391,498	-	-	-	-	-	1,391,498
Total deferred inflows of resources	1,391,498	-	-	-	-	-	1,391,498
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,411,453	243,660	106,092	61,893	48,592	-	1,871,690
FUND BALANCE:							
Nonspendable	-	-	-	-	-	12,032	12,032
Assigned							
Assigned appropriated fund balance	-	150,000	150,000	-	-	-	300,000
Assigned unappropriated fund balance	1,580,133	422,234	97,536	570,398	362,544	-	3,032,845
Total assigned fund balance	1,580,133	572,234	247,536	570,398	362,544	-	3,332,845
Total fund balance	1,580,133	572,234	247,536	570,398	362,544	12,032	3,344,877
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	$ 2,991,586	$ 815,894	$ 353,628	$ 632,291	$ 411,136	$ 12,032	$ 5,216,567

See independent auditor's report.

COUNTY OF MONTGOMERY, NEW YORK

COMBINING SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE- NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Special Grant	County Road	Road Machinery	Sewer	Post Closure	Permanent	Total Non-Major Funds
REVENUE:							
Real property taxes	$ -	$ -	$ -	$ 68,436	$ -	$ -	$ 68,436
Departmental income	99,766	878	-	562,091	-	-	662,735
Intergovernmental charges	-	-	-	-	411,790	-	411,790
Use of money and property	40,271	360	628	131	67	-	41,457
Sale of property and compensation for loss	-	4,162	200	-	-	-	4,362
Miscellaneous local sources	-	6,971	79,162	6,177	-	-	92,310
Interfund revenues	-	-	807,136	-	-	-	807,136
State aid	-	1,567,733	-	-	-	-	1,567,733
Total revenue	140,037	1,580,104	887,126	636,835	411,857	-	3,655,959
EXPENDITURES:							
General government support	-	-	-	21,863	-	-	21,863
Public safety	-	144,566	-	-	-	-	144,566
Transportation	-	4,190,674	901,450	-	-	-	5,092,124
Home and community services	650,000	-	-	477,157	353,669	-	1,480,826
Employee benefits	-	710,543	207,134	79,328	19,616	-	1,016,621
Debt service - principal	-	-	-	64,000	-	-	64,000
Debt service - interest	-	-	-	4,582	-	-	4,582
Total expenditures	650,000	5,045,783	1,108,584	646,930	373,285	-	7,824,582
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(509,963)	(3,465,679)	(221,458)	(10,095)	38,572	-	(4,168,623)
OTHER SOURCES (USES):							
Interfund transfers	-	5,200,871	-	-	-	-	5,200,871
Interfund transfers (out)	-	(1,567,733)	-	-	-	-	(1,567,733)
Total other sources (uses)	-	3,633,138	-	-	-	-	3,633,138
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(509,963)	167,459	(221,458)	(10,095)	38,572	-	(535,485)
FUND BALANCE - beginning of year	2,090,096	404,775	468,994	580,493	323,972	12,032	3,880,362
FUND BALANCE - end of year	$ 1,580,133	$ 572,234	$ 247,536	$ 570,398	$ 362,544	$ 12,032	$ 3,344,877

See independent auditor's report.

COUNTY OF MONTGOMERY, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass through Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture:				
Passed through New York State Department of Family Assistance:				
State Administrative Matching Grants for the				
Supplemental Nutrition Assistance Program	10.561	N/A	$ 873,698	$ -
U.S. Department of Housing and Urban Development:				
Passed through New York State Office of Community Renewal:				
Community Development Block Grants/State's Program and				
Non-Entitlement Grants in Hawaii	14.228	NA	57,930	-
Passed through New York State Housing Trust Fund				
Corporation (Governor's Office of Storm Recovery)				
Hurricane Sandy Community Development Block Grant				
Disaster Recovery Grants (CDBG-DR)	14.269	B-13-DS-36-001	65,515	-
Total U.S. Department of Housing and Urban Development			123,445	-
U.S. Department of Transportation:				
Passed through New York State Department of Transportation:				
Formula Grants for Rural Areas	20.509	N/A	11,000	-
U.S. Department of Education:				
Passed through New York State Department of Health:				
Special Education - Grants for Infants and Families	84.181	C31643GG	14,913	-
Special Education - Grants for Infants and Families	84.181	C31643GG	4,975	-
			19,888	-
U.S Department of Health and Human Services:				
Passed through Health Research Inc. :				
Public Health Emergency Preparedness	93.069	C01622-10	19,940	-
Public Health Emergency Preparedness	93.069	C01622-11	7,594	-
Total Public Health Emergency Preparedness			27,534	-
Passed through New York State Department of Health:				
Immunization Cooperative Agreements	93.268	C028302	8,281	-
Immunization Cooperative Agreements	93.268	C32527GG	13,082	-
Total Immunization Cooperative Agreements			21,363	-
Passed through New York State Department of Family Assistance:				
Temporary Assistance for Needy Families	93.558	N/A	4,131,745	-
Low-income Home Energy Assistance	93.568	N/A	3,293,962	-
Child Care and Development Block Grant	93.575	N/A	431,709	-
Child Support Enforcement	93.563	N/A	381,781	-
Foster Care Title IV-E	93.658	N/A	215,280	-
Adoption Assistance	93.659	N/A	100,799	-
Social Services Block Grant	93.667	N/A	476,363	-
Chafee Foster Care Independence Program	93.674	N/A	24,582	-
Medical Assistance Program	93.778	N/A	994,697	-
			10,050,918	-
Passed through New York State Department of Health:				
Maternal and Child Health Services Block Grant to the States:				
Childhood Lead Poisoning	93.994	C030902	10,476	-
Childhood Lead Poisoning	93.994	C026519	2,179	-
Children with Special Health Care Needs	93.994	C327670GG	20,649	-
Total Maternal and Child Health Services Block Grant to the States			33,304	-
Passed through New York State Office of Alcoholism and Substance Abuse Services:				
Block Grant for Prevention and Treatment of Substance Abuse	93.959	N/A	113,323	-
Total U.S. Department of Health and Human Services			10,246,442	-
U.S. Department of Homeland Security:				
Passed through New York State Department of Homeland Security and Emergency Services:				
Homeland Security Program Grant	97.067	C838300	109,728	-
Total U.S. Department of Homeland Security			109,728	-
Total Expenditures of Federal Awards			$ 11,384,201	$ -

See independent auditor's report and notes to Schedule of Expenditures of Federal Awards.

COUNTY OF MONTGOMERY, NEW YORK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2018

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the County of Montgomery, New York (County) under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative requirements, Cost Principles, and Audit requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the governmental activities, each major fund, and the aggregate remaining fund information of the County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule is presented in accordance with generally accepted accounting principles, as described in the County's basic financial statements.

3. PASS-THROUGH PROGRAMS

Where the County receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Catalog of Federal Domestic Assistance (CFDA) number advised by the pass-through grantor.

Identifying numbers, other than the CFDA numbers, which may be assigned by pass-through grantors are not maintained in the County's financial management system. The County has identified certain pass-through identifying numbers and included them in the Schedule, as available.

4. INDIRECT COSTS

The County did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Indirect costs are included in the reported expenditures to the extent such costs are included in the federal financial reports used as the source for the data presented.

5. MATCHING COSTS

Matching costs, i.e., the County's or State's share of certain program costs, are not included in the schedule of expenditures of federal awards.

6. NONCASH AWARDS

A significant portion of federal award programs do not involve cash awards to the County. The value of these noncash awards has been recorded as expenditures on the Statement of Expenditures of Federal Awards. Those relating to the County are as follows:

Program Title	Federal CFDA Number	Amount
U.S. Department of Health and Human Services		
Low Income Home Energy Assistance		
County assistance paid by NYS Comptroller	93.568	$ 3,131,301

REQUIRED REPORTS UNDER UNIFORM GUIDANCE

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

September 27, 2019

To the County Legislature of County of Montgomery:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the County of Montgomery, New York (County) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 27, 2019. An adverse opinion was issued on the County's governmental activities as a result of departures from generally accepted accounting principles. Our report includes a reference to other auditors who audited the financial statements of Montgomery County Industrial Development Agency and Montgomery County Capital Resource Corporation, as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses (2018-001 and 2018-002).

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(Continued)

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

County of Montgomery's Responses to Findings
The County of Montgomery's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County of Montgomery's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

September 27, 2019

To the County Legislature of County of Montgomery:

Report on Compliance for Each Major Federal Program

We have audited the County of Montgomery, New York's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2018. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County of Montgomery, New York, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

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(Continued)

Report on Internal Control over Compliance
Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

COUNTY OF MONTGOMERY, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:

Governmental Activities	Adverse
Each Major Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
Aggregate Discretely Presented Component Units	Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	X	Yes	___	No
Significant deficiencies identified not considered to be material weaknesses?	___	Yes	X	None reported
Noncompliance material to financial statements noted?	___	Yes	X	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	___	Yes	X	No
Significant deficiencies identified not considered to be material weaknesses?	___	Yes	X	None reported
Type of auditor's report issued on compliance for major programs	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, 2 CFR Section 200.516(a)	___	Yes	X	No

Identification of major programs:

CFDA Number	Name of Federal Program
93.558	Temporary Assistance for Needy Families
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000			
Auditee qualified as low-risk auditee?	___	Yes	X	No

Section II—Financial Statement Findings

<u>2018-001 Department of Social Services Accounts Receivable (Material Weakness)</u>

Criteria: The County prepares financial statements in accordance with generally accepted accounting principles and the fair presentation is the responsibility of the County's management.

Condition: In assessing the fair presentation of the financial statements and performing our audit procedures it was noted that the County did not timely file monthly claim submissions to the State of New York related to the County's Department of Social Services programs. Further, reconciliations of claims made to amounts received were not being completed on a timely basis resulting in overstated receivable and revenue balances.

Effect: Failure to timely submit claims and reconcile claims receivable could result in over or understated revenues and receivables.

Cause: The County has experienced turnover in key accounting positions in recent years.

Recommendation: The County should provide training to new employees regarding their job responsibilities and ensure that there is appropriate staffing such that in the event of turnover in key accounting positions, there is backup with adequate knowledge of processes to maintain the process for a period of time until the position can be backfilled.

Management's response: The County will be reviewing its current policy.

<u>2018-002 Preparation of the Schedule of Expenditures of Federal Awards (Material Weakness)</u>

Criteria: The County is to prepare the schedule of expenditures of federal awards in accordance with 2 CFR 200.510.

Condition: Management prepared the schedule of expenditures of federal awards (SEFA) and presented the SEFA for audit. We reviewed each line item in the SEFA and compared the SEFA to the general ledger. We noted during our review that several Department of Social Service programs were misstated due to reimbursement caps not being recognized.

Effect: An inaccurate SEFA may cause federal programs not to be audited in accordance with Uniform Guidance requirements.

Cause: The County has experienced turnover in key accounting positions in recent year.

Recommendation: The County should provide training to new employees regarding their job responsibilities and ensure that there is appropriate staffing such that in the event of turnover in key accounting positions, there is backup with adequate knowledge of processes to maintain the process for a period of time until the position can be backfilled.

Management's response: The County will be reviewing its current policy.

Section III—Federal Award Findings and Questioned Costs

We noted no instances of significant deficiencies, material weaknesses, or noncompliance, including questioned costs, that are required to be reported under Uniform Guidance.