PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE — **SERIAL BONDS & BOND ANTICIPATION NOTES**

STANDARD & POOR'S: "A+/STABLE OUTLOOK" — **See "BOND RATING" herein**

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 Bonds and 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 Bonds and 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 Bonds and 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 Bonds and Notes.

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

$9,770,000

COUNTY OF MONTGOMERY, NEW YORK

GENERAL OBLIGATIONS

CUSIP BASE #: 613443

MONTGOMERY COUNTY NY

$2,300,000 Public Improvement (Serial) Bonds, 2019

(referred to herein as the "Bonds")

Dated: October 10, 2019 — **Due: October 1, 2020-2027**

MATURITIES*

Year	Amount	Rate	Yield	CSP	Year	Amount	Rate	Yield	CSP	Year	Amount	Rate	Yield	CSP
2020	$ 260,000	%	%		2023	$ 285,000	%	%		2026	$ 305,000	%	%	
2021	270,000				2024	290,000				2027	315,000			
2022	275,000				2025	300,000								

* Subject to change pursuant to the accompanying Notice of Bond Sale in order to achieve substantially level or declining annual debt service.

$7,470,000 Bond Anticipation Notes, 2019

(the "Notes")

Dated: October 10, 2019 — **Due: October 9, 2020**

(collectively referred to herein as the "Bonds and Notes")

The Bonds and Notes are general obligations of the County of Montgomery, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and 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" and "NATURE OF OBLIGATION" herein.

Neither the Bonds nor Notes will not be subject to redemption prior to maturity.

The Bonds will be issued as registered bonds and may be registered, at the option of the purchaser, in the name of the purchaser or in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which, if so elected by the purchaser, will act as securities depository for the Bonds. If the Bonds are issued in book-entry form, individual purchases will be in the principal amount of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on October 1, 2020 and semi-annually thereafter on April 1 and October 1 in each year until maturity. Principal and interest will be paid by the County to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. If the Bonds are issued in registered certificated form, the Bonds will be issued in denominations of $5,000 or any integral multiple thereof, maturity and paying agent fees, if any, in such case are to be paid by the purchaser. The Bonds may not be converted into coupon bonds or be registered to bearer.

Proposals for the Bonds shall be for not less than $2,300,000 Bonds and accrued interest, if any, on the total principal amount of the Bonds. A good faith deposit will not be required.

At the option of the purchaser, the Notes will be issued in (i) registered certificated form registered in the name of the successful bidder(s) or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC").

If the Notes are issued registered in the name of the purchaser, a single note certificate will be issued for those Notes of an issue bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the County.

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

The Bonds and 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 Bonds and Roemer Wallens Gold & Mineaux LLP, Bond Counsel, Albany, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC located in Jersey City, New Jersey or as may be agreed upon on or about October 10, 2019.

ELECTRONIC BIDS for the Bonds and Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on September 26, 2019 until 11:00 A.M., Eastern Time, pursuant to the respective 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 Bonds pursuant to the terms provided in the respective Notices of Sale.

September 19, 2019

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 CONTINUING DISCLOSURE AS DEFINED IN THE RULE WITH RESPECT TO THE BONDS. SEE "CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE BONDS" HEREIN. 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 WITH RESPECT TO THE NOTES" HEREIN.

COUNTY LEGISLATURE

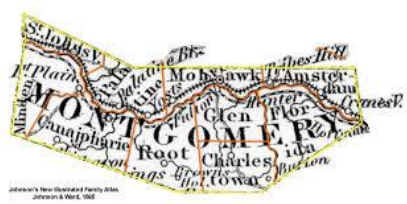
ROBERT HEADWELL, JR.
Chairman

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

* * * * * * * * *

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

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



<u>HELEN A. BARTONE</u>
County Clerk

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

MUNICIPAL ADVISOR

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Syracuse, New York 13202
(315) 752-0051

BOND COUNSEL

Roemer Wallens Gold & Mineaux, LLP
13 Columbia Circle
Albany, New York 12203
(518) 464-8911

No person has been authorized by the County to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds and Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County.

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PREPARED WITH THE ASSISTANCE OF

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OFFICIAL STATEMENT

OF THE

COUNTY OF MONTGOMERY, NEW YORK

Relating To

$2,300,000 Public Improvement (Serial) Bonds, 2019

And

$7,470,000 Bond Anticipation Notes, 2019

This Official Statement, which includes the cover page and appendices, has been prepared by the County of Montgomery, New York (the "County" and "State" respectively) in connection with the sale by the County of $2,300,000 Public Improvement (Serial) Bonds, 2019 (referred to herein as the “Bonds”) and $7,470,000 Bond Anticipation Notes, 2019 (referred to herein as the “Notes”) (collectively referred to herein as the “Bonds and Notes”).

The factors affecting the County’s financial condition and the Bonds and 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 Bonds and Notes and the proceedings of the County relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and Notes and such proceedings.

NATURE OF OBLIGATION

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

Holders of any series of notes or bonds 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 or bonds.

The Bonds and 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. See “TAX LEVY LIMITATION LAW,” herein.

Under the Constitution of the State, the County is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and 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.

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 BONDS

Description of the Bonds

The Bonds 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 Bonds 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 Bonds and interest thereon, subject to applicable statutory limitations. See "TAX LEVY LIMITATION LAW" herein.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in principal denominations of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on October 1, 2020 and semi-annually thereafter on April 1 and October 1 in each year until maturity. Principal and interest will be paid to the Beneficial Owners of the Bonds, as described in the "BOOK-ENTRY-ONLY SYSTEM" herein. The record date of the Bonds will be the fifteenth day of the calendar month preceding an interest payment date. Interest on the Bonds shall be calculated assuming a calendar year of 360 days and twelve 30-day months.

No Optional Redemption – The Bonds

The Bonds are not subject to redemption prior to maturity.

Purpose of Issue – The Bonds

The Bonds 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
DPW Facility Engineering	March 26, 2019	$ 750,000
FMCC Projects	March 26, 2019	250,000
Building Maintenance	March 26, 2019	300,000
Vehicles - Trucks	March 26, 2019	396,900
Vehicles – Police Vehicles	March 26, 2019	103,100
Voice Over IP Phone System	May 28, 2019	500,000
	Total	$ 2,300,000

The proceeds of the Bonds provide new money to permanently finance the aforementioned purposes.

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 10, 2019 and will mature, without option of prior redemption, on October 9, 2020. 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

The Notes are not subject to redemption prior to maturity.

Purpose of Issue – The Notes

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	$ 1,380,000
Public Safety Garage Facility	May 23, 2017	655,000
Burtonville Bridge Replacement	May 23, 2017	1,935,000
Demolition& Remediation of Beech Nut Site	May 22, 2018	3,000,000
Cemetery Road Bridge	March 26, 2019	500,000
	Total	$ 7,470,000

The proceeds of the Notes, along with $200,000 available funds of the District, will partially redeem and renew $7,170,000 bond anticipation notes maturing October 11, 2019 and provide $500,000 new money for the aforementioned purposes.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds and Notes, if requested. The Bonds and 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 Bonds 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 Bonds 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 Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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 BONDS AND NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS AND NOTES, (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS AND NOTES, OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS AND 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 BONDS AND 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 BONDS AND 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 Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving reasonable 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 transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of $5,000 each or any integral multiple thereof. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent bank to be named by the County upon termination of the book-entry-only system. Interest on the Bonds will remain payable October 1, 2020 and semi-annually thereafter on April 1 and October 1 in each year to maturity. Such interest will be payable by check drawn by the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the fifteenth day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the fifteenth day of the calendar month preceding an interest payment date and such interest payment date.

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.

THE COUNTY

General Information

The County, established on March 12, 1772, has a land area of 400 square miles and a population of 49,455 according to the 2018 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.

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, 2017 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, 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 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 2017 was $788,000 and $788,000 again in 2018, the amount payable for 2019 is $898,808.

Banking Facilities

The following commercial banks maintain branches in the County:

RBS Citizens Bank, N.A.
Key Bank, N.A.
NBT Bank, N.A.
Kinderhook 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	49,455	19,542,209	327,167,434

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 2013-2017 American Community Survey.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2013-2017	2000	2006-2010	2013-2017
County of: Montgomery	$ 17,005	$ 26,999	$ 25,307	$ 40,688	$ 53,476	$ 58,912
State of: New York	23,389	30,948	31,117	51,691	67,405	70,850

Note: 2014-2018 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 2013-2017 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	883
Kasson Keller Keymark	Manufacturing	795
Liberty Enterprises	Food Processing, Cleaning Agents	675
Greater Amsterdam School District	Education	520
HFM BOCES	Education	492
Montgomery County	Government	445
Amsterdam Printing & Litho (Holland USA)	Printing, Adv. Specialties	376
Beech Nut Nutrition	Candy, Baby Food Cereal	324
Rama Associates	Health Care	225
Power Pallet	Manufacturing	188
Richardson Brands	Candy/Confectionaries	177

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

	2011	2012	2013	2014	2015	2016	2017	2018
Montgomery County	10.2%	10.4%	9.2%	7.5%	6.6%	5.7%	5.7%	5.1%
New York State	8.3%	8.5%	7.7%	6.3%	5.3%	4.9%	4.7%	4.1%

2019 Monthly Figures

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Montgomery County	5.9%	5.9%	5.6%	4.6%	4.3%	4.0%	4.7%	N/A	N/A	N/A
New York State	4.6%	4.4%	4.1%	3.6%	3.8%	3.8%	4.2%	N/A	N/A	N/A

Note: Unemployment rates for August, September and October 2019 are unavailable as of the date 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. In its General Fund budget for the 2019 fiscal year, approximately 14.12% of the revenues of the County are estimated to be received in the form of State aid. 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 any year, 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. Accordingly, no assurance can be given that present State aid levels will be maintained in the future particularly in light of the difficulties encountered by the State in recent years in balancing its budget, which problems may continue. State budgetary restrictions, which eliminate, substantially reduce or delay the payment of State Aid would have a material adverse effect upon the County requiring either a counter-balancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

Employees

The County provides services through approximately 362 full-time and 90 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
251	Civil Service Employees' Association	December 31, 2021
26	Montgomery County Deputy Sheriff's Association	December 31, 2018 [(1)]
11	Correction Officer's Supervisor's Association	December 31, 2017 [(1)]
41	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 2019 fiscal year have been as follows:

Fiscal Year	ERS
2014	$ 3,246,967
2015	3,032,083
2016	2,529,930
2017	2,528,614
2018	2,458,387
2019 (Budgeted)	2,578,800

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 PFRS rates (2016 to 2020) is shown below:

Year	ERS	PFRS
2016	18.2%	24.7%
2017	15.5	24.3
2018	15.3	24.4
2019	14.9	23.5
2020	14.6	23.5

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

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.

In June 2015, the GASB issued GASB Statement 75 ("GASB 75"), which, when implemented, will supersede and eliminate GASB 45. GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. GASB 75 is required to be implemented by all municipalities and school districts in the fiscal year beginning after June 15, 2017. Actuarial valuation will be required every two years for GASB 75.

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.

GASB 45 requires 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 does 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 County has not had a determination of the costs and liabilities associated with the establishment of a County OPEB plan. The County is on a pay-as-you-go funding basis for OPEB.

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

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state's OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller's proposal, there are no restrictions on the amount a government can deposit into the trust. While it was not enacted into law in the last two legislative sessions, it is not possible to predict whether the Comptroller's proposed legislation will be reintroduced and enacted into law in the future.

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose for which the Bonds and Notes are to be issued, is the County Law and the Local Finance Law.

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

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

The fiscal year of the County is January 1 through December 31.

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, 2017 and is attached as "APPENDIX – E" to this Official Statement. The audited report for the period ending December 31, 2018 is not available as of the date of the Official Statement. The annual update document for the fiscal year ending December 31, 2018 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 Continuing Disclosure 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, 2018 listed below are preliminary and unaudited and subject to change.

Revenues:	$ 89,016,966
Expenditures:	91,862,693
Excess Revenues (Deficit) over Expenditures:	$ (2,845,727)

2019 Budget Expectations

The County's recommended budget for the 2019 fiscal year supports total General Fund expenditures of $95,183,165, with local dollar spending of $29,197,161 (an increase of 1.98%). The recommended 1.98% tax levy increase is below the projected 2.19% State-imposed property tax cap that included a carryover amount of $76,809 from the previous year. Under the budget, the average County average tax rate decreased from $12.61 to $12.20 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.

<u>Key Findings:</u>

- 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.

<u>Key Recommendations:</u>

- 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.

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
2017	No Designation	35.4
2016	No Designation	22.5
2015	No Designation	25.4

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 2018 fiscal year is unavailable as of the date of this Official Statement.

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending December 31:		2015	2016	2017	2018	2019
Taxable Assessed Valuations						
City of:	Amsterdam	$ 334,945,780	$ 334,598,088	$ 337,141,814	$ 331,751,769	$ 335,355,146
Towns of:	Amsterdam	39,256,087	39,451,034	41,711,641	40,270,549	40,679,772
	Canajoharie	116,177,770	116,486,160	184,968,858 (1)	186,661,314	186,370,777
	Charleston	81,738,993	83,073,836	83,105,922	84,569,064	88,773,001
	Florida	102,860,636	103,923,613	104,767,244	105,283,813	239,928,914
	Glen	86,954,558	86,975,389	87,676,078	88,971,256	89,973,597
	Minden	164,417,966	163,986,370	166,260,405	167,891,719	221,090,870
	Mohawk	208,534,074	207,048,676	208,950,371	208,655,623	207,734,202
	Palatine	90,503,411	90,942,327	91,622,339	90,735,619	91,316,441
	Root	100,522,831	103,415,587	104,102,565	105,940,175	109,586,221
	St. Johnsville	30,555,302	30,726,324	31,003,959	30,927,591	31,422,339
		$ 1,356,467,408	$ 1,360,627,404	$ 1,441,311,196	$ 1,441,658,492	$ 1,642,231,280
State Equalization Rates						
City of:	Amsterdam	77.50%	75.00%	75.00%	75.00%	75.00%
Towns of:	Amsterdam	10.00%	9.90%	9.38%	8.68%	8.79%
	Canajoharie	61.00%	61.00%	100.00% (1)	100.00%	100.00%
	Charleston	100.00%	100.00%	100.00%	100.00%	95.00%
	Florida	52.00%	50.00%	50.00%	49.00%	100.00%
	Glen	57.75%	56.49%	55.87%	61.00%	59.50%
	Minden	100.00%	100.00%	100.00%	100.00%	100.00%
	Mohawk	100.00%	106.57%	109.03%	100.00%	98.24%
	Palatine	56.00%	56.00%	51.75%	58.00%	55.00%
	Root	100.00%	100.00%	100.00%	100.00%	95.00%
	St. Johnsville	32.00%	32.00%	30.26%	34.00%	33.00%
Full Valuations						
City of:	Amsterdam	$ 432,188,103	$ 446,130,784	$ 449,522,419	$ 442,335,692	$ 447,140,195
Towns of:	Amsterdam	392,560,870	398,495,293	444,687,004	463,946,417	462,796,041
	Canajoharie	190,455,361	190,960,918	184,968,858	186,661,314	186,370,777
	Charleston	81,738,993	83,073,836	83,105,922	84,569,064	93,445,264
	Florida	197,808,915	207,847,226	209,534,488	214,864,924	239,928,914
	Glen	150,570,663	153,965,992	156,928,724	145,854,518	151,216,129
	Minden	164,417,966	163,986,370	166,260,405	167,891,719	221,090,870
	Mohawk	208,534,074	194,284,204	191,644,842	208,655,623	211,455,825
	Palatine	161,613,234	162,397,013	177,047,998	156,440,722	166,029,893
	Root	100,522,831	103,415,587	104,102,565	105,940,175	115,353,917
	St. Johnsville	95,485,319	96,019,763	102,458,556	90,963,503	95,219,209
Taxable Full Valuations		$ 2,175,896,329	$ 2,200,576,985	$ 2,270,261,780	$ 2,268,123,672	$ 2,390,047,033

(1) Significant change due to revaluation.

Tax Rates Per $1,000 Assessed

Fiscal Year Ending December 31:	2015	2016	2017	2018	2019
	$ 12.53	$ 12.65	$ 12.35	$ 12.61	$ 12.20

Tax Collection Record

Fiscal Year Ending December 31:	2015	2016	2017	2018	2019
Tax Levy (1)	$ 34,833,196	$ 35,385,391	$ 35,773,076	$ 36,723,893	$ 37,440,107
Uncollected December 31	2,775,717	2,177,311	2,505,340	2,445,276	N/A
% Uncollected December 31	7.97%	6.15%	7.00%	6.66%	N/A
Uncollected December 31, 2018	235,999	311,394	939,967	2,445,276	N/A
% Uncollected December 31, 2018	0.68%	0.88%	2.63%	6.66%	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, 2017 through 2019:

Fiscal Year Ending December 31:	2017	2018	2019
Five Year Average Full Valuation…..………..……..	$ 2,196,505,679	$ 2,220,374,680	$ 2,260,151,795
Tax Limit - (1.65%)……………………………...	36,242,344	36,636,182	37,292,505
Add: Exclusions Fom Limit……………………...	4,836,341	4,996,901	4,681,242
Total Taxing Power………………………………	41,078,685	41,633,083	41,973,747
Less: Total Levy…………………………………	28,104,935	28,761,367	29,257,368
Tax Margin…….…….............…..….…........….........	$ 12,973,750	$ 12,871,716	$ 12,716,379

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 (Budgeted)	28,800,000	16,416,000

Source: County officials.

Larger Taxpayers – 2018 Assessment for 2019 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 19.60% 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 $3,225 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 Bonds and Notes include the following:

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid 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 per centum 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 notes and such required annual installments on its bonds.

Debt Limit. The County has the power to contract indebtedness for any Town 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, by the enactment of the Local Finance Law, authorized the powers and procedure for the County to borrow and incur indebtedness, subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including specifically the County Law and the General Municipal Law.

Pursuant to the Local Finance Law, the County authorizes the issuance of bonds by the adoption of a bond resolution, approved by at least two-thirds of the members of the County Legislature, the finance board of the County. Customarily, the County Legislature has delegated to the Supervisor, 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 bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

(1) Such obligations are authorized for a purpose for which the County is not authorized to expend money, or

(2) There has not been substantial compliance with the provisions of law which should have been complied within 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 resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law) restrictions relating to the period of probable usefulness with respect thereto.

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 first of such notes and provided, generally, that such renewals do not exceed five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

In general, the Local Finance Law contains provisions providing the County with the power to issue certain other short-term general obligations indebtedness including revenue and tax anticipation notes, budget, deficiency and capital notes (see "Details of Outstanding Indebtedness" herein).

Debt Outstanding End of Fiscal Year

Fiscal Years Ending December 31:	2014	2015	2016	2017	2018
Bonds	$ 24,250,000	$ 29,170,000	$ 31,928,031	$ 31,808,000	$ 31,295,000
Bond Anticipation Notes	1,734,650	0	1,170,000	4,426,000	7,362,000
Other Debt (1)	377,895	284,018	189,456	129,385	64,693
Total Debt Outstanding	$ 26,362,545	$ 29,454,018	$ 33,357,487	$ 36,363,385	$ 38,721,693

(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 County evidenced by serial bonds and bond anticipation notes as of September 19, 2019.

Type of Indebtedness	Maturity	Amount
Bonds	2019-2034	$ 28,550,000
Bond Anticipation Notes		
Various Capital Projects	October 11, 2019	$ 7,170,000 (1)
Implementation of a Clarifier Rehabilitation Project	December 20, 2019	192,000 (2)
	Total Indebtedness	$ 35,912,000

(1) To be partially redeemed and renewed at maturity with the proceeds of the Notes and $200,000 available funds of the County.
(2) To be partially redeemed and renewed at maturity with bond anticipation notes and $64,000 available funds of the County.

Debt Statement Summary

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of September 19, 2019:

Five-Year Average Valuation			$ 2,260,981,160
Debt Limit 7% thereof			158,268,681
Inclusions:			
Bonds	$ 28,550,000		
Bond Anticipation Notes	7,362,000		
Total Inclusions		$ 35,912,000	
Exclusions:			
Appropriations (1)	$ 310,000		
Total Exclusions		$ 310,000	
Total Net Indebtedness Subject to Debt Limit			$ 35,602,000
Net Debt-Contracting Margin			$ 122,666,681
Percent of Debt Contracting Power Exhausted			22.49%

(1) Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.

Note: The proceeds of the Bonds and Notes will increase the net indebtedness of the County by $2,600,000.

Bonded Debt Service

A schedule of Bonded Debt Service may be found attached hereto as "APPENDIX – B" of this Continuing Disclosure Statement.

Cash Flow Borrowing

The County has not found it necessary to issue revenue anticipation notes or tax anticipation notes in the past, and may have to issue a Revenue Anticipation Note to fund it Consolidated Highway Improvement Projects (CHIPS) until State reimbursement is received.

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 Bonds are being issued to finance these projects.

The County issued $2,400,000 Serial Bonds in 2018 to permanently finance a Fulton-Montgomery Community College Project, Cranes Hollow Bridge Project, Department of Public Works ("DPW") Replacement Project and DPW Buildings-Critical Maintenance Project. The County also issued $4,170,000 bond anticipation notes maturing October 12, 2018 providing $3,000,000 new money for the demolition and remediation of the Beech Nut Site.

The County will need to adopt bond resolutions in order to issue the 2020 Plan amounts.

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	$ 4,198,816	$ 3,612,449 [(3)]		$ 586,367
10 Villages	7,436,020	4,078,767 [(3)]		3,267,253
5 School Districts	117,033,776	106,832,125 [(4)]		10,201,651
2 Fire Districts	98,100	0		98,100
City of Amsterdam	19,397,658	7,099,777 [(3)]		12,297,881
			Total	$ 26,451,252

(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 2017 for towns, cities and fire districts and fiscal year ending 2018 for school districts and villages.

Debt Ratios

The following table sets forth certain ratios relating to the County's net indebtedness as of September 19, 2019.

	Amount	Per Capita [(a)]	Percentage of Full Value [(b)]
Net Indebtedness [(c)]	$ 35,602,000	$ 719.89	1.49%
Net Indebtedness Plus Net Overlapping Indebtedness [(d)]	62,053,252	1,254.74	2.60

(a) The current estimated population of the County is 49,455. (See "THE COUNTY – Population" herein.)
(b) The County 2019 full valuation of taxable real estate is $2,390,047,033. (See "TAX INFORMATION" herein.)
(c) See "Debt Statement Summary" for calculation of Net Indebtedness herein.
(d) Estimated net overlapping indebtedness is $26,451,252. (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 Bonds and 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 Bonds and 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 Bonds and 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").

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 a Continuing Disclosure Undertaking with respect to the Bonds and an Undertaking to provide Material Event Notices with respect to the Notes, the descriptions of which are attached hereto as "APPENDIX – C & D", respectively.

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, 2018.

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 Bonds and 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 Bonds and Notes is taken into account in determining adjusted current earnings, and (ii) interest on the Bonds and 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 Bonds and Notes. Bond Counsel is of the further opinion that interest on the Bonds and 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 Bonds and 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 Bonds and 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 Bonds and Notes. The County has covenanted to take the actions required of it for the interest on the Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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 Bonds and 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 Bonds and Notes. Prospective purchasers of the Bonds and 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 BONDS AND 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 BONDS AND NOTES.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS AND NOTES

Legal Matters

Legal matters incident to the authorization, issuance, and sale of the Bonds and 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 Bonds and Notes and will be to the effect that the Bonds and 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 Bonds and 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 Bonds and Notes, (a) interest on the Bonds and 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 Bonds and Notes is taken into account in determining adjusted current earnings; and (b) interest on the Bonds and 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 Bonds and 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 Bonds and 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 Bonds and Notes. The enforceability of the Bonds and 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 Bonds or Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Bonds or Notes or any proceedings or authority of the County taken with respect to the authorization, issuance or sale of the Bonds or Notes or contesting the corporate existence or boundaries of the County.

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 Bonds and Notes. All expenses in relation to the printing of CUSIP numbers on the Bonds and 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.

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) pending the approval of the County, 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 Continuing Disclosure Undertakings. (See "MATERIAL EVENT NOTICES" herein.)

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its rating of "A+" with a stable outlook to the Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. A rating reflects only the view of the rating agency assigning such rating and any desired explanation of the significance of such rating should be obtained from S&P, 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.

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 Bonds and 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 County management's beliefs as well as assumptions made by, and information currently available to, the County'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 County's files with the repositories. When used in Town documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

To the extent 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 which may have been made verbally or in writing is to be construed as a contract with the holder of the Bonds and Notes.

Roemer Wallens Gold & Mineaux LLP, Albany, New York, Bond Counsel to the County, expresses no opinions as to the accuracy or completeness of information in any documents prepared by or on behalf of the County for use in connection with the offer and sale of the Bonds and 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 Bonds and Notes, the County 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 County .

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

The County hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

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 County nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the County disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the County also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

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

Additional copies of the Notice of Sale and the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., telephone number (315) 752-0051, or at www.fiscaladvisors.com

COUNTY OF MONTGOMERY

Dated: September 19, 2019

SHAWN J. BOWERMAN
COUNTY TREASURER AND CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending December 31:	2014	2015	2016	2017	2018 Unaudited
ASSETS					
Cash	$ 13,022,290	$ 9,897,492	$ 8,311,968	$ 6,427,781	$ 5,808,982
Receivables:					
Taxes	9,032,601	9,606,261	9,470,098	10,734,700	8,971,233
Other	6,238,649	5,899,737	1,864,067	6,133,082	6,100,558
State and Federal Aid	5,282,048	6,344,167	9,262,778	6,540,332	7,013,459
Prepaid Expenses	699,506	653,683	581,884	580,254	-
Due from Other Funds	5,658,519	5,279,880	5,478,529	5,302,524	6,951,523
Due from Other Governments	85,201	74,705	57,874	35,225	19,625
TOTAL ASSETS	$ 40,018,814	$ 37,755,925	$ 35,027,198	$ 35,753,898	$ 34,865,380
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 6,290,856	$ 4,979,058	$ 5,071,270	$ 5,680,501	$ 7,643,331
Accrued Liabilities	713,024	222,205	302,894	314,223	359,438
Due to Other Funds	1,872,366	1,752,931	838,210	1,904,396	2,016,680
Due to Other Governments	4,059,141	3,975,772	3,917,287	4,190,957	3,925,814
Other Liabilities	-	-	-	-	359
Notes Payable	-	-	-	-	-
Deferred Revenue	10,201,762	11,246,439	10,462,726	10,327,372	10,414,651
TOTAL LIABILITIES	23,137,149	22,176,405	20,592,387	22,417,449	24,360,273
FUND EQUITY					
Commited	-	-	-	-	-
Nonspendable	699,506	653,683	581,884	580,254	-
Restricted	-	-	476,706	528,014	564,080
Assigned	5,683,231	3,979,196	4,058,426	3,996,727	4,301,793
Unassigned	10,498,928	10,946,641	9,317,795	8,231,444	5,639,234
TOTAL FUND EQUITY	16,881,665	15,579,520	14,434,811	13,336,439	10,505,107
TOTAL LIABILITIES & FUND EQUITY	$ 40,018,814	$ 37,755,925	$ 35,027,198	$ 35,753,888	$ 34,865,380

Source: 2014-2017 Audited financial reports and 2018 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:	2013	2014	2015	2016	2017
REVENUES					
Real Property Taxes	$ 26,285,023	$ 25,936,653	$ 29,169,391	$ 31,299,511	$ 26,507,510
Real Property Tax Items	2,767,035	2,910,406	-	-	2,521,009
Non-Property Tax Items	28,348,773	29,481,073	27,477,307	28,283,051	29,581,566
Departmental Income	2,062,995	4,807,543 (1)	6,036,257	6,434,256	6,439,512
Intergovernmental Charges	1,280,502	1,654,813	974,170	510,900	488,058
Use of Money & Property	65,972	52,551	61,892	61,176	74,264
Licenses and Permits	-	-	-	-	-
Fines and Forfeitures	176,728	168,924	168,106	145,272	152,940
Sale of Property and Compensation for Loss	811,715	939,526	838,876	1,581,060	927,023
Miscellaneous	277,542	1,463,680	432,433	251,611	454,593
Interfund Revenues	28,169	19,281	15,309	25,177	27,230
Revenues from State Sources	9,720,007	9,976,497	9,718,465	10,770,691	12,301,112
Revenues from Federal Sources	7,970,951	8,051,582	10,145,286	7,555,857	8,334,708
Total Revenues	$ 79,795,412	$ 85,462,529	$ 85,037,492	$ 86,918,562	$ 87,809,525
EXPENDITURES					
General Government Support	$ 18,509,121	$ 19,835,883	$ 19,492,401	$ 19,696,108	$ 20,719,062
Education	1,919,213	1,929,616	1,929,505	2,035,457	2,049,377
Public Safety	7,546,582	8,322,975	9,245,401	7,606,791	7,573,228
Health	5,710,887	5,385,003	5,814,687	6,379,104	6,768,670
Transportation	374,567	415,084	385,000	550,982	544,277
Economic Assistance and Opportunity	25,581,608	25,954,646	26,476,561	27,657,331	27,608,215
Culture and Recreation	279,635	358,690	345,500	430,793	472,594
Home and Community Services	677,225	2,720,723	3,468,466	3,466,108	3,768,660
Employee Benefits	8,210,961	10,035,335	8,781,297	9,617,278	9,625,710
Debt Service	4,197,310	4,176,831	4,176,991	4,754,315	4,239,976
Total Expenditures	$ 73,007,109	$ 79,134,786	$ 80,115,809	$ 82,194,267	$ 83,369,769
Excess of Revenues Over (Under) Expenditures	$ 6,788,303	$ 6,327,743	$ 4,921,683	$ 4,724,295	$ 4,439,756
Other Financing Sources (Uses):					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(5,491,270)	(5,307,555)	(6,223,828)	(5,869,004)	(5,538,128)
Other	-	-	-	-	-
Total Other Financing	(5,491,270)	(5,307,555)	(6,223,828)	(5,869,004)	(5,538,128)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ 1,297,033	$ 1,020,188	$ (1,302,145)	$ (1,144,709)	$ (1,098,372)
FUND BALANCE					
Fund Balance - Beginning of Year	14,564,444	15,861,477	16,881,665	15,579,520	14,434,811
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 15,861,477	$ 16,881,665	$ 15,579,520	$ 14,434,811	$ 13,336,439

(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.

APPENDIX - A2
Montgomery County

GENERAL FUND

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

Fiscal Years Ending December 31:	2017			2018	
	Original Budget	Final Budget	Actual	Adopted Budget	Unaudited Actual
REVENUES					
Real Property Taxes	$ 28,657,510	$ 28,657,510	$ 26,507,510	$ 28,430,795	$ 28,279,725
Real Property Tax Items	-	-	2,521,009	2,200,000	2,935,244
Non-Property Tax Items	27,710,326	27,713,216	29,581,566	28,709,085	31,130,665
Departmental Income	5,745,636	5,746,730	6,439,512	5,992,161	6,382,809
Intergovernmental Charges	653,277	653,277	488,058	502,443	386,814
Use of Money & Property	56,400	56,400	74,264	56,607	115,489
Licenses and Permits	-	-	-	-	124,225
Fines and Forfeitures	117,000	119,943	152,940	95,100	-
Sale of Property and Compensation for Loss	895,000	919,559	927,023	870,000	769,603
Miscellaneous	210,000	211,187	454,593	161,000	309,990
Interfund Revenues	27,400	27,400	27,230	26,680	16,437
Revenues from State Sources	11,195,574	12,329,416	12,301,112	11,539,246	12,035,474
Revenues from Federal Sources	9,748,575	9,864,789	8,334,708	9,438,741	6,530,491
Total Revenues	$ 85,016,698	$ 86,299,427	$ 87,809,525	$ 88,021,858	$ 89,016,966
EXPENDITURES					
General Government Support	$ 20,025,468	$ 20,658,149	$ 20,719,062	$ 21,102,472	$ 21,592,722
Education	2,045,821	2,045,821	2,049,377	2,045,821	2,104,393
Public Safety	8,245,809	8,399,745	7,573,228	8,372,724	8,549,096
Health	7,071,168	7,329,194	6,768,670	7,022,931	7,418,822
Transportation	504,500	544,277	544,277	542,000	549,293
Economic Assistance and Opportunity	29,099,665	29,320,473	27,608,215	29,087,445	28,164,139
Culture and Recreation	280,935	711,547	472,594	294,075	775,165
Home and Community Services	3,325,600	3,325,600	3,768,660	3,316,300	3,782,217
Employee Benefits	9,730,463	9,742,485	9,625,710	10,157,247	9,838,969
Debt Service	4,320,617	4,320,617	4,239,976	4,385,052	3,887,006
Total Expenditures	$ 84,650,046	$ 86,397,908	$ 83,369,769	$ 86,326,067	$ 86,661,822
Excess of Revenues Over (Under) Expenditures	$ 366,652	$ (98,481)	$ 4,439,756	$ 1,695,791	$ 2,355,144
Other Financing Sources (Uses):					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(5,564,843)	(5,538,128)	(5,538,128)	(5,515,791)	(5,200,871)
Other	-	-	-	-	-
Total Other Financing	(5,564,843)	(5,538,128)	(5,538,128)	(5,515,791)	(5,200,871)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ (5,198,191)	$ (5,636,609)	$ (1,098,372)	$ (3,820,000)	$ (2,845,727)
FUND BALANCE					
Fund Balance - Beginning of Year	5,198,191	5,636,609	14,434,811	3,820,000	13,298,398 (1)
Prior Period Adjustments (net)	-	-	-	-	52,434
Fund Balance - End of Year	$ -	$ -	$ 13,336,439	$ -	$ 10,505,106

(1) Restated.

Source: 2017 Audited Financial Report & 2018 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:	2015 Adopted Budget	2016 Adopted Budget	2017 Adopted Budget	2018 Adopted Budget	2019 Adopted Budget
REVENUES					
Real Property Taxes	$ 29,022,924	$ 29,527,036	$ 29,958,701	$ 30,630,795	$ 28,997,161
Real Property Tax Items	-	-	-	-	2,350,000
Non-Property Tax Items	27,334,837	27,686,226	27,710,326	28,709,085	29,024,875
Departmental Income	5,611,424	5,758,200	5,745,636	5,992,161	6,316,774
Intergovernmental Charges	1,541,780	1,451,242	826,677	654,150	464,312
Use of Money & Property	-	-	-	-	62,900
Licenses and Permits	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	107,365
Sale of Property and Compensation for Loss	895,000	895,000	895,000	870,000	820,000
Miscellaneous	213,100	216,500	210,000	161,000	163,500
Interfund Revenues	31,690	27,690	27,400	26,680	26,680
Revenues from State Sources	10,288,657	10,332,839	11,195,574	11,539,246	12,918,979
Revenues from Federal Sources	9,606,837	8,984,888	9,748,575	9,438,741	10,230,619
Total Revenues	$ 84,546,249	$ 84,879,621	$ 86,317,889	$ 88,021,858	$ 91,483,165
EXPENDITURES					
General Government Support	$ 19,710,804	$ 20,267,088	$ 20,025,468	$ 21,102,472	$ 21,288,321
Education	1,920,821	2,045,821	2,045,821	2,045,821	2,100,821
Public Safety	8,021,993	8,125,595	8,245,809	8,372,724	8,630,837
Health	6,048,312	6,092,524	7,071,168	7,022,931	8,002,053
Transportation	385,000	395,250	504,500	542,000	569,100
Economic Assistance and Opportunity	28,588,496	27,718,300	29,099,665	29,087,445	30,652,704
Culture and Recreation	302,801	328,944	280,935	294,075	326,037
Home and Community Services	3,025,319	3,148,600	3,325,600	3,316,300	3,724,150
Employee Benefits	9,922,744	9,829,688	9,730,463	10,157,247	10,330,698
Debt Service	4,373,129	4,834,840	4,320,617	4,385,052	4,294,762
Total Expenditures	$ 82,299,419	$ 82,786,650	$ 84,650,046	$ 86,326,067	$ 89,919,483
Excess of Revenues Over (Under) Expenditures	$ 2,246,830	$ 2,092,971	$ 1,667,843	$ 1,695,791	$ 1,563,682
Other Financing Sources (Uses):					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	(6,161,015)	(5,505,971)	(5,564,843)	(5,515,791)	(5,263,682)
Other	-	-	-	-	-
Total Other Financing	(6,161,015)	(5,505,971)	(5,564,843)	(5,515,791)	(5,263,682)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	$ (3,914,185)	$ (3,413,000)	$ (3,897,000)	$ (3,820,000)	$ (3,700,000)
FUND BALANCE					
Fund Balance - Beginning of Year	3,914,185	3,413,000	3,897,000	3,820,000	3,700,000
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:	2014	2015	2016	2017	2018 Unaudited
SPECIAL REVENUE FUND [(1)]					
Fund Equity - Beginning of Year	$ 2,188,645	$ 2,497,155	$ 3,252,169	$ 3,720,193	$ 3,544,358
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	9,351,971	11,505,451	10,684,531	10,740,406	8,444,970
Expenditures & Other Uses	9,043,461	10,750,438	10,216,507	10,916,241	9,019,029
Fund Equity - End of Year	2,497,155	3,252,169	3,720,193	3,544,358	2,970,299

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

Source: 2014-2017 Audited financial reports and 2018 Annual Financial Report (unaudited). This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending December 31st	Principal	Excluding the Bonds Interest	Total	Principal of This Issue	Total Principal of All Issues
2019	$ 3,119,693	$ 987,133.86	$ 4,106,826.86	$ -	$ 3,119,693
2020	2,730,000	894,435.90	3,624,435.90	260,000	2,990,000
2021	2,810,000	802,797.90	3,612,797.90	270,000	3,080,000
2022	2,720,000	703,319.15	3,423,319.15	275,000	2,995,000
2023	2,770,000	616,562.53	3,386,562.53	285,000	3,055,000
2024	2,855,000	529,742.90	3,384,742.90	290,000	3,145,000
2025	2,430,000	447,309.08	2,877,309.08	300,000	2,730,000
2026	2,505,000	368,203.80	2,873,203.80	305,000	2,810,000
2027	1,970,000	284,071.00	2,254,071.00	315,000	2,285,000
2028	2,020,000	211,730.68	2,231,730.68	-	2,020,000
2029	2,090,000	135,696.23	2,225,696.23	-	2,090,000
2030	1,540,000	76,425.00	1,616,425.00	-	1,540,000
2031	920,000	44,650.00	964,650.00	-	920,000
2032	510,000	21,928.13	531,928.13	-	510,000
2033	180,000	12,262.50	192,262.50	-	180,000
2034	190,000	6,412.50	196,412.50	-	190,000.00
TOTALS	$ 31,359,693	$ 6,142,681.16	$ 37,502,374.16	2,300,000	$ 33,659,693

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	1999 Water District #1 Town of Glen			2011 Purchase of Land Florida Business Park			2015 Refunding of 2006 Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019	$ 64,693	$ 3,558.12	$ 68,251.12	$ 105,000	$ 18,018.75	$ 123,018.75	$ 395,000	$ 99,637.50	$ 494,637.50
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	$ 64,693	$ 3,558.12	$ 68,251.12	$ 340,000	$ 37,256.25	$ 377,256.25	$ 2,655,000	$ 341,818.75	$2,996,818.75

Fiscal Year Ending December 31st	2009 MBBA Recovery Act Bonds			2013 Refunding of the 2000, 2002, 2003 & 2004 Bonds			2015 Various Projects		
	Principal	Interest [(1)]	Total	Principal	Interest	Total	Principal	Interest	Total
2019	$ 370,000	$ 299,747.75	$ 669,747.75	$ 525,000	$ 13,018.75	$ 538,018.75	$ 500,000	$ 151,526.25	$ 651,526.25
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	$ 5,145,000	$1,975,058.15	$7,120,058.15	$ 800,000	$ 22,237.50	$ 822,237.50	$ 6,800,000	$1,042,913.13	$7,842,913.13

(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
2019	$ 390,000	$ 120,787.50	$ 510,787.50	$ 460,000	$ 136,087.50	$ 596,087.50	$ 190,000	$ 68,687.50	$ 258,687.50
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	$ 6,050,000	$ 910,262.53	$6,960,262.53	$ 4,220,000	$ 570,862.50	$4,790,862.50	$ 2,885,000	$ 523,712.50	$3,408,712.50

Fiscal Year Ending December 31st	2018 Various Projects Principal	2018 Various Projects Interest	2018 Various Projects Total
2019	$ 120,000	$ 76,064.24	$ 196,064.24
2020	120,000	74,337.50	194,337.50
2021	125,000	70,437.50	195,437.50
2022	130,000	66,375.00	196,375.00
2023	135,000	62,150.00	197,150.00
2024	140,000	57,762.50	197,762.50
2025	140,000	53,212.50	193,212.50
2026	145,000	48,662.50	193,662.50
2027	150,000	43,950.00	193,950.00
2028	155,000	39,075.00	194,075.00
2029	160,000	34,037.50	194,037.50
2030	165,000	28,837.50	193,837.50
2031	170,000	23,475.00	193,475.00
2032	175,000	17,950.00	192,950.00
2033	180,000	12,262.50	192,262.50
2034	190,000	6,412.50	196,412.50
TOTALS	$ 2,400,000	$ 715,001.74	$3,115,001.74

CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE BONDS

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the County has agreed to provide, or cause to be provided,

(i) to the Electronic Municipal Market Access ("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, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the Official Statement dated September 26, 2019 of the County relating to the Bonds under the headings "THE COUNTY", "TAX INFORMATION", "STATUS OF INDEBTEDNESS", "LITIGATION" and all Appendices (other than "APPENDICES – C & D" and other than any related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending December 31, 2019, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending December 31, 2019; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the County of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the County of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

(ii) within 10 business days after the occurrence of such event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:

(a) principal and interest payment delinquencies

(b) non-payment related defaults; if material

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

(d) 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 of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(g) modifications to rights of Bondholders; if material

(h) bond calls, if material, and tender offers

(i) defeasances

(j) release, substitution, or sale of property securing repayment of the Bonds; if material

(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; and

(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 Bonds.

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 Bonds.

For the purposes of the event identified in (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 obligated person, 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 obligated person.

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 Bonds; 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.

(iii) in a timely manner, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of its failure to provide the aforedescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

The County reserves the right to terminate its obligations to provide the aforedescribed annual financial information and operating data and such audited financial statement, if any, and notices of material events, as set forth above, if and when the County no longer remains an obligated person with respect to the Bonds 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 Bonds (including holders of beneficial interests in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the County's obligations under its continuing disclosure undertaking and any failure by the County to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds 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.

A Continuing Disclosure Undertaking Certificate to this effect shall be provided to the purchaser at closing.

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

FINANCIAL REPORT

For the Year Ended December 31, 2017

Such Audited Financial Statement and opinion 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.

MONTGOMERY COUNTY, NEW YORK

Financial Statements – Other Basis of Accounting
as of and for the year ended December 31, 2017
Together with
Independent Auditor's Report
and
Other Required Reports

Bonadio & Co., LLP
Certified Public Accountants

C O N T E N T S

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

October 22, 2018

To the County Legislature of
Montgomery County, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of County of Montgomery, New York (County), which comprise the balance sheet – other basis – governmental fund types, proprietary fund types, fiduciary fund type and the non-current governmental assets and liabilities account groups, as of December 31, 2017, and the statements of revenues, expenditures and changes in fund balance – other basis - governmental and proprietary fund types –and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with an other basis of accounting as allowed by the New York State Office of the State Comptroller as described in Note 1; this includes determining that the other basis of accounting is an acceptable basis under the circumstances. Management is also responsible for 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 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.

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

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(Continued)

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on Financial Statements in Accordance with U.S. Generally Accepted Accounting Principles
As described in Note 1, the financial statements are prepared by the County on a basis of financial reporting provisions allowed by the New York State Office of the State Comptroller, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the other basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Financial Statements in Accordance with U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on financial statement in accordance with U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the County as of December 31, 2017, or changes in financial position for the year then ended.

Summary of Opinions – Other Basis of Accounting

Opinion Unit	Type of Opinion
General Fund	Unmodified
Special Grant Fund	Unmodified
County Road Fund	Unmodified
Road Machinery Fund	Unmodified
Sewer Fund	Unmodified
Capital Projects Fund	Unmodified
Post Closure Fund	Unmodified
Permanent Fund	Unmodified
Internal Service Fund	Unmodified
Self Insurance Fund	Unmodified
Agency Fund	Unmodified
Non-Current Governmental Assets Account Group	Qualified
Non-Current Governmental Liabilities Account Group	Unmodified

Basis for Qualified Opinion on the Non-Current Governmental Assets Account Group
Non-Current Governmental Assets Account Group
The County does not have a process to inventory and value its capital assets and to conduct a periodic inventory of the County's capital assets, as such we were unable to determine the completeness of the County's capital assets. Accounting principles in accordance with the other basis of accounting allowed by the New York State Office of the State Comptroller as described in Note 1 require that the County keep a complete and accurate inventory of its capital assets. The amount by which this departure would affect the assets of the Non-Current Governmental Assets Account Group has not been determined.

Qualified Opinion
In our opinion, except for the effects of the matter described in the basis for qualified opinion on the Non-Current Governmental Assets Account Group paragraph, the financial statements – other basis referred to above present fairly, in all material aspects, the balance sheet – other basis in accordance with the other basis of accounting allowed by the New York State Office of the State Comptroller.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Unmodified Opinion on Other Basis of Accounting
In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances – other basis – governmental fund types, proprietary fund types, fiduciary fund type and non-current governmental liabilities of the County of Montgomery, New York as of December 31, 2017, and its revenues, expenditures and changes in fund balance - governmental and proprietary fund types – other basis for the year then ended, in accordance with an other basis of accounting allowed by the New York State Office of the State Comptroller as described in Note 1.

Report on Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements – other basis. The budgetary comparison information and schedules of proportionate share of net pension liability and contributions – pension plan are presented for purposes of additional analysis and are not a required part of the financial statements – other basis. The schedule of expenditures of federal awards 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 financial statements – other basis.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements – other basis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements – other basis 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 – other basis 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 schedule of expenditures of federal awards is fairly stated in all material respect, except for the effects of the matter discussed in the basis for qualified opinion paragraph, in relation to the basic financial statements – other basis as a whole.

The budgetary comparison information and schedules of proportionate share of net pension liability and contributions – pension plan have not been subjected to the auditing procedures applied in the audit of the basic financial statements – other basis and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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

BALANCE SHEET - OTHER BASIS - GOVERNMENTAL FUND TYPES, PROPRIETARY FUNDS, FIDUCIARY FUND TYPE, AND LONG-TERM ACCOUNT GROUPS
DECEMBER 31, 2017

	Governmental Funds								Proprietary Funds			Fiduciary Fund Type	Account Groups	
		Special Revenue Funds												
	General	Special Grant	County Road	Road Machinery	Sewer	Post Closure Fund	Capital Projects	Permanent Fund	Internal Service	Self Insurance	Total	Agency Fund	Non-Current Governmental Assets	Non-Current Governmental Liabilities
ASSETS:														
Cash	$ 6,427,781	$ 2,112,621	$ 204,923	$ 337,963	$ 522,193	$ 311,587	$ 8,464,148	$ -	$ 1,798,083	$ 2,047,186	$ 22,226,485	$ 2,284,732	$ -	$ -
Cash, restricted	-	-	-	-	-	-	-	12,032	-	-	12,032		-	-
Taxes receivable, net	10,734,700	-	-	-	-	-	-	-	-	-	10,734,700	-	-	-
Accounts and loans receivable, net	6,133,082	942,074	115	26,245	93,408	14,802	-	-	46,012	-	7,255,738	-	-	-
State and federal aid receivables	6,540,332	-	452,563	-	-	-	-	-	-	-	6,992,895	-	-	-
Due from other funds	5,302,524	-	161,172	193,000	8,641	10,719	11,104	-	2,240,832	-	7,927,992	56,253	-	-
Due from other governments	35,225	-	-	-	-	-	369,635	-	432	4,219,309	4,624,601	-	-	-
Prepaid expenses	580,254	-	30,090	10,936	6,132	2,845	-	-	78,859	822	709,938	-	-	-
Capital assets	-	-	-	-	-	-	-	-	-	-	-	-	47,904,810	-
Amounts to be provided for long term debt	-	-	-	-	-	-	-	-	-	-	-	-	-	42,467,696
	$ 35,753,898	$ 3,054,695	$ 848,863	$ 568,144	$ 630,374	$ 339,953	$ 8,844,887	$ 12,032	$ 4,164,218	$ 6,267,317	$ 60,484,381	$ 2,340,985	$ 47,904,810	$ 42,467,696
DEFERRED OUTFLOWS OF RESOURCES														
Pension related	-	-	-	-	-	-	-	-	-	-	-	-	4,025,939	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 35,753,898	$ 3,054,695	$ 848,863	$ 568,144	$ 630,374	$ 339,953	$ 8,844,887	$ 12,032	$ 4,164,218	$ 6,267,317	$ 60,484,381	$ 2,340,985	$ 51,930,749	$ 42,467,696
LIABILITIES:														
Accounts payable	$ 5,680,501	$ 2,975	$ 11,065	$ 13,458	$ 36,020	$ 9,257	$ 324,755	-	301,474	67,008	$ 6,446,513	$ -	$ -	$ -
Bond anticipation notes payable	-	-	-	-	-	-	4,426,000	-	-	-	4,426,000	-	-	-
Accrued Liabilities	314,233	-	17,480	6,284	3,408	381	-	-	2,135	6,155,652	6,499,573	-	-	-
Due to other funds	1,904,396	19,075	415,543	79,408	10,453	6,343	1,619,725	-	3,860,609	-	7,915,552	68,693	-	-
Due to other governments	4,190,957	475	-	-	-	-	-	-	-	-	4,191,432	584,264	-	129,385
Agency liabilities	-	-	-	-	-	-	-	-	-	-	-	1,688,028	-	-
Bonds payable	-	-	-	-	-	-	-	-	-	-	-	-	-	31,808,000
Net pension payable	-	-	-	-	-	-	-	-	-	-	-	-	-	7,026,794
Compensated absences	-	-	-	-	-	-	-	-	-	-	-	-	-	1,307,979
Total liabilities	12,090,087	22,525	444,088	99,150	49,881	15,981	6,370,480	-	4,164,218	6,222,660	29,479,070	2,340,985	-	40,272,158
DEFERRED INFLOWS OF RESOURCES														
Grant revenue	-	-	-	- -	-	-	369,635	-	-	-	369,635	-	-	-
Unearned revenue	10,327,372	942,074	-	-	-	-	-	-	-	44,657	11,314,103	-	-	-
Pension related	-	-	-	-	-	-	-	-	-	-	-	-	-	2,195,538
Total deferred inflows of resources	10,327,372	942,074	-	-	-	-	369,635	-	-	44,657	11,683,738	-	-	2,195,538
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	22,417,459	964,599	444,088	99,150	49,881	15,981	6,740,115	-	4,164,218	6,267,317	41,162,808	2,340,985	-	42,467,696
FUND BALANCE:														
Nonspendable	580,254	-	30,090	10,936	6,132	2,845	-	12,032	-	-	642,289	-	51,930,749	-
Restricted	528,014	-	-	-	-	-	-	-	-	-	528,014	-	-	-
Assigned														
Assigned appropriated fund balance	3,820,000	-	100,000	100,000	-	-	-	-	-	-	4,020,000	-	-	-
Assigned unappropriated fund balance	176,727	2,090,096	274,685	358,058	574,361	321,127	2,104,772	-	-	-	5,899,826	-	-	-
Total assigned fund balance	3,996,727	2,090,096	374,685	458,058	574,361	321,127	2,104,772	-	-	-	9,919,826	-	-	-
Unassigned	8,231,444	-	-	-	-	-	-	-	-	-	8,231,444	-	-	-
Total fund balance	13,336,439	2,090,096	404,775	468,994	580,493	323,972	2,104,772	12,032	-	-	19,321,573	-	51,930,749	-
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	$ 35,753,898	$ 3,054,695	$ 848,863	$ 568,144	$ 630,374	$ 339,953	$ 8,844,887	$ 12,032	$ 4,164,218	$ 6,267,317	$ 60,484,381	$ 2,340,985	$ 51,930,749	$ 42,467,696

The accompanying notes are an integral part of these statements.

COUNTY OF MONTGOMERY, NEW YORK

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - OTHER BASIS - GOVERNMENTAL AND PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Governmental Funds								Proprietary Funds		
		Special Revenue Funds									
	General	Special Grant	County Road	Road Machinery	Sewer	Post Closure Fund	Capital Projects	Permanent Fund	Internal Service	Self Insurance	Total
REVENUE:											
Real property taxes	$ 26,507,510	$ -	$ -	$ -	$ 66,495	$ -	$ -	$ -	$ -	$ -	$ 26,574,005
Real property tax items	2,521,009	-	-	-	-	-	-	-	-	-	2,521,009
Non property tax items	29,581,566	-	-	-	-	-	-	-	-	-	29,581,566
Departmental income	6,439,512	275,227	-	-	557,635	-	-	-	-	-	7,272,374
Intergovernmental charges	488,058	-	-	-	-	-	-	-	-	-	488,058
Use of money and property	74,264	49,428	325	420	122	719	-	-	239	2,458	127,975
Licenses and permits	-	-	650	-	-	-	-	-	-	-	650
Fines and forfeitures	152,940	-	-	-	-	-	-	-	-	-	152,940
Sale of property and compensation for loss	927,023	-	3,690	2,710	-	-	-	-	-	-	933,423
Miscellaneous local sources	454,593	-	10,334	129,526	3,575	3,550	63	-	1,675,947	-	2,277,588
Participant assessments	-	-	-	-	-	-	-	-	-	552,319	552,319
Insurance recoveries	-	-	-	-	-	-	-	-	32,140	-	32,140
Refund of prior year expenditures	-	-	-	-	-	-	-	-	-	77,558	77,558
Charges for services	-	-	-	-	-	418,467	-	-	-	-	418,467
Interfund revenues	27,230	-	-	770,610	-	-	-	-	5,780,912	574,193	7,152,945
State aid	12,301,112	-	3,331,531	-	-	-	-	-	-	-	15,632,643
Federal aid	8,334,708	-	-	-	-	-	89,765	-	-	-	8,424,473
Total revenue	87,809,525	324,655	3,346,530	903,266	627,827	422,736	89,828	-	7,489,238	1,206,528	102,220,133
EXPENDITURES:											
General government support	20,719,062	-	-	-	21,164	-	2,534,816	-	-	-	23,275,042
Education	2,049,377	-	-	-	-	-	277,383	-	-	-	2,326,760
Public safety	7,573,228	-	164,527	-	-	-	-	-	-	-	7,737,755
Transportation	544,277	-	4,279,177	903,352	-	-	5,194,867	-	-	-	10,921,673
Health	6,768,670	-	-	-	-	-	-	-	-	-	6,768,670
Economic assistance and opportunity	27,608,215	-	-	-	-	-	111,993	-	-	-	27,720,208
Culture and recreation	472,594	-	-	-	-	-	-	-	-	-	472,594
Home and community services	3,768,660	630,977	-	-	404,208	-	-	-	-	-	4,803,845
Employee benefits	9,625,710	-	810,370	199,930	75,749	-	-	-	6,540	5,527	10,723,826
Contractual services	-	-	-	-	-	-	-	-	7,482,698	1,174,408	8,657,106
Personal services	-	-	-	-	-	-	-	-	-	26,593	26,593
Refuse and garbage	-	-	-	-	-	367,839	-	-	-	-	367,839
Landfill closure costs	-	-	-	-	-	21,146	-	-	-	-	21,146
Debt service - principal	3,193,031	-	-	-	64,000	-	-	-	-	-	3,257,031
Debt service - interest	1,046,945	-	-	-	4,736	-	-	-	-	-	1,051,681
Total expenditures	83,369,769	630,977	5,254,074	1,103,282	569,857	388,985	8,119,059	-	7,489,238	1,206,528	108,131,769
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	4,439,756	(306,322)	(1,907,544)	(200,016)	57,970	33,751	(8,029,231)	-	-	-	(5,911,636)
OTHER SOURCES (USES):											
Proceeds from issuance of debt	-	-	-	-	-	-	3,073,000		-	-	3,073,000
BAN redeemed from appropriations	-	-	-	-	-	-	64,000	-	-	-	64,000
Interfund transfers	-	-	5,298,592	239,536	-	-	3,358,051	-	-	-	8,896,179
Interfund transfers (out)	(5,538,128)	-	(3,358,051)	-	-	-	-	-	-	-	(8,896,179)
Total other sources (uses)	(5,538,128)	-	1,940,541	239,536	-	-	6,495,051	-	-	-	3,137,000
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(1,098,372)	(306,322)	32,997	39,520	57,970	33,751	(1,534,180)	-	-	-	(2,774,636)
FUND BALANCE - beginning of year	14,434,811	2,396,418	371,778	429,474	522,523	290,221	3,638,952	12,032	-	-	22,096,209
FUND BALANCE - end of year	$ 13,336,439	$ 2,090,096	$ 404,775	$ 468,994	$ 580,493	$ 323,972	$ 2,104,772	$ 12,032	$ -	$ -	$ 19,321,573

The accompanying notes are an integral part of these statements.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

County of Montgomery, New York (the County) was originally carved out of Albany County on March 12, 1772, as Tryon County. The 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:

County Executive
County Legislators (9)
County Clerk
County Treasurer
Sheriff

The County provides services and facilities in the areas of culture, recreation, education, police, youth, health, senior services and roads. 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.

a. Reporting Entity

As required by the New York State Office of the State Comptroller, the Annual Financial Report Update Document (AUD) of the reporting entity includes those funds of the County and its blended component unit. The component unit discussed below is included in the County's reporting entity because of the significance of its operational or financial relationship with the County. Operational or financial responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. Included in the reporting entity:

Sanitary Sewer District – During 1970, the County Board of Supervisors established the Montgomery County Sanitary Sewer District No. 1 (Sewer District) in accordance with provisions of the County Law, after the State granted permission to establish this District.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

a. Reporting Entity (Continued)

Sanitary Sewer District (Continued)
The Sewer District encompasses the Villages of Fort Plain, Nelliston, Palatine Bridge, and portions of the towns outside these villages. Significant factors requiring inclusion of the Sewer District in the County reporting entity are as follows:

-All matters relating to membership of the Sewer District Board of Directors are determined by the Board of Legislators;

-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, and

-For financial reporting purposes, the Sewer District is reported in the financial statements as if it were part of the County's operations because its purpose is to provide sewer services to citizens of the County.

Excluded from the Reporting Entity – Although the following organizations, functions or activities are related to the County, they are not included in the County's financial statements, because, as required by statue, they individually submit annual reports to the New York State Office of the State Comptroller:

1. Soil and Water District (District) – The County Legislature has declared the District to be a soil and water conservation District in accordance with provisions of the New York State Soil and Water Conservation District Law.

   -The Members of the Board of Directors of the District are appointed by the County Legislature, and the County Legislature retains general oversight responsibilities, including monitoring District activities through detailed reporting to the Legislature by the District Directors of its work and transactions in such form and for such periods as the County Legislature may direct. The County is not responsible for the operating deficits of the District. A major portion of the administrative costs of the District is provided through County appropriations.

2. Industrial Development Agency – The Montgomery County Industrial Development Agency (IDA) is a Public Benefit Corporation created by State legislation to promote the economic welfare, recreation opportunities, and prosperity of the County inhabitants. Members of the IDA are appointed by the County Legislature, which exercises no oversight responsibility. The IDA members have complete responsibility for management of the IDA and accountability for fiscal matters. The County is not liable for any IDA debt.

Joint Venture – Fulton-Montgomery Community College (College) – The County is a participant in the operation of the Community College along with the County of Fulton, New York (Fulton County). The Community College is a two-year educational institution established for the purpose of providing educational services, primarily to residents of Montgomery and Fulton counties.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Joint Venture – Fulton-Montgomery Community College (College) (Continued)
Separate financial data for this joint venture has been excluded from the financial statements, consistent with the regulations of the New York State Office of the State Comptroller. Additional information about this joint venture is presented in note 10.

b. Use of Estimates

In preparing the financial statements using the other basis of accounting allowed by the New York State Office of the State Comptroller, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

c. Basis of Presentation

The County has elected to prepare its financial statements using an other basis of accounting allowed by the New York State Office of the State Comptroller for annual reports to that office. This basis of accounting is another basis of accounting which varies from accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. This other basis allowed by the New York State Office of the Comptroller uses the modified accrual basis of accounting for governmental funds and fiduciary funds; accrual basis accounting is used for proprietary funds and the account groups. The following differences constitute the primary differences between the other basis of accounting allowed by the New York State Office of the State Comptroller and GAAP for the County:

- For financial statements prepared in accordance with U.S. GAAP, general-purpose financial statements are replaced with basic financial statements, and include two statements, the statement of net assets and the statement of activities, collectively referred to as government-wide financial statements which are presented on the full accrual basis of accounting. Under the accrual basis, revenues and expenses are recognized when incurred regardless of when the actual cash receipt or disbursement occurred. These statements, and use of the accrual basis, are not required under the other basis referred to above.

- A Management's Discussion and Analysis (MD&A) is required as supplemental information preceding the basic financial statements and is intended to provide an objective analysis of the government's financial activities, both on a current and long-term basis, based on current conditions, under U.S. GAAP. A MD&A is not provided under the other basis method of accounting.

- Fund-based financial statements must be reconciled to the government-wide statements-under U.S. GAAP.

- Capital assets, other than land are depreciated and reported in the government-wide statement of net assets at their net book value, and depreciation expense is allocated to the major functions on the statement of activities based on the use of the underlying assets under U.S. GAAP.

- A liability for postemployment benefits obligations has not been recorded by the County, as required under U.S. GAAP.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Basis of Presentation (continued)

The balance sheet sometimes reports a separate section for deferred inflows of resources. This separate financial statement element represents a consumption of the balance sheet that applies to a future period and as so will not be recognized as an inflow of resources until then.

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures/expenses which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

(1) Governmental Fund Types

The County's fund types and account groups are as follows:

Governmental funds are those in which most governmental functions of the County are financed. The acquisition, use and balance of the County's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is based upon determination of financial position and changes in financial position rather than upon net income.

The County utilizes the following major funds:

- General Fund – Is the principal operating fund of the County and includes activity for all operations not required to be recorded in other funds. This fund operates within the financial limits of an annual budget adopted by the County Legislature.

- Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Special Revenue Funds of the County include the following:

  - Special Grant Fund – Is 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 – 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 sewer operations conducted in portions of the County.

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

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

c. Basis of Presentation (Continued)

- Capital Projects Fund - Is used to account for financial resources generated for the acquisition or construction of major capital projects for governmental activities. Financing is generally provided from proceeds of bonds, notes, federal and state grants, and transfers from other governmental funds.

- Permanent 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) Proprietary Fund Types

Proprietary funds are used to account for the County's on-going activities that are similar to those often found in the private sector. Enterprise funds are used to report activities for which fees are charged to external customers for goods and services provided. The County's fee pricing policies are designed to recover the costs of providing such services.

Internal service funds may be used to report any activity that provides goods and services to other funds or departments on a cost-reimbursement basis.

The County maintains the following proprietary funds:

- Internal Service 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 Internal Service 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, 2017, sponsoring members include Montgomery County and Montgomery County Sanitary Sewer County No. 1 employees.

- Self-Insurance 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.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

c. Basis of Presentation (Continued)

- Self-Insurance Fund (Continued)

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.

(3) *Fiduciary Fund* - These funds are used to account for fiduciary activities. Fiduciary activities are those in which the County acts as trustee or agent for resources that belong to others.

- Agency Fund: These funds are used for the purpose of accounting for money received and held in the capacity of trustee, custodian, or agent pending payment to the applicable agencies. Securities pledged by banking institutions to secure funds on deposit are not included herein since such securities are not assets of the governmental reporting entity.

(4) Account Groups - are used to establish accounting control and accountability of general fixed assets and general long-term debt. The two account groups are not funds. They are concerned only with measurement of financial position and not results of operations.

- Non-Current Governmental Assets Account Group – Is used to account for land, buildings, improvements other than buildings, and equipment utilized for general government purposes, except those accounted for in proprietary funds.

- Non-Current Governmental Liabilities Account Group – Is used to account for all long-term debt except that accounted for in proprietary funds. Also included is the estimated net pension and compensated absences liabilities of the County, except for that portion accounted for in proprietary fund type.

d. Basis of Accounting and Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

All governmental and fiduciary funds are accounted for using a current financial resources measurement focus. With this measurement focus, generally only current assets and current liabilities are reported on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financial uses) in fund balance.

All proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities are recorded in these statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. This measurement focus and basis of accounting is similar to private sector reporting. Fixed assets and long-term liabilities related to these activities are recorded within the fund.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

d. Basis of Accounting and Measurement Focus (continued)

Modified Accrual Basis of Accounting

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenue is recorded when it is susceptible to accrual, i.e. when they become both measurable and available. Measurable means the amount of the transaction can be reasonably determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A sixty-day availability period is used for property tax revenue recognition, and a ninety-day availability period is used for all non-property tax revenue recognition for all governmental fund type revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues susceptible to accrual are real property taxes, state and federal aid, sales tax and certain user charges. Fines and permits are not susceptible to accrual because generally they are not measurable until received. If expenditures are the prime factor for determining eligibility, revenues from federal and state governments are accrued when the expenditure is made.

Expenditures are recorded when the fund liability is incurred except that:

- Expenditures for prepaid expenses and inventory type items are recognized when paid.

- Principal and interest on indebtedness are not recognized as expenditures until due.

- Unfunded compensated absences are recognized as a liability for vacation leave and additional salary-related payments as the benefits are earned by the employees, based on the rendering of past service and the probability that the employees will be compensated for the benefits through paid time off or some other means. This includes vacation leave that was earned but not used during the current or prior periods and for which employees can receive compensation in a future period. Amounts do not include leave expected to lapse but include leave that employees will eventually qualify for.

- In addition, a liability is recognized for vesting sick leave and additional salary-related payments for employees who, at the balance sheet date, currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such benefits.

- Pension costs are recognized as expenditures in the governmental funds as wages upon which they are based are earned.

The County also reports deferred inflows of resources on its fund financial statements for certain revenues. Deferred inflows of resources arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when the County receives resources before it has a legal claim to them, as when grant monies, general state aid, and other intergovernmental aid are received prior to the occurrence of qualifying expenditures.

In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the deferred inflows of resources is removed from the applicable balance sheet, and revenue is recognized.

General long-term debt liabilities are recorded at the par value of the principal amount, and no liability is recorded for interest payable to maturity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. 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, generally 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.

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, 2017, the total real property tax receivables of $10,951,839 is net of an allowance for uncollectible taxes of $217,139. Included in total real property taxes are current year school taxes of $2,454,332 offset by liabilities to the school districts, which will be paid no later than April 1, 2018. The remaining portion of tax assets is offset by deferred tax revenue of $6,835,703 and represents an estimate of the tax liens which will not be collected within the first sixty (60) days of the subsequent year.

f. Budgetary Data

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 County 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 that remain in effect for the life of the project. Budgets are prepared for the proprietary fund to establish the estimated contributions required from other funds and to control expenditures.

g. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgeting control purposes to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances at year-end are recorded as part of restricted, committed or assigned fund balances, as applicable, since the commitments do not constitute expenditures or liabilities. Open encumbrances, after review by the County Legislators, are added to the subsequent year's budget to provide the modified budget presented in the Annual Financial Report Update Document. Expenditures for such commitments are recorded in the period in which the liability is incurred.

The budget is developed on the basis of principles generally consistent with the other basis of accounting utilized by the County.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Cash

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.

i. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payable are classified as due from other funds and due to other funds, respectively, within the financial statements.

j. Property Tax and Other Receivables

Property tax and other receivables are shown at original carrying value less an allowance for uncollectible amounts. Management determines the allowance predominantly by using historical experience applied to the outstanding receivable balances. Accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

kj. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the governmental and proprietary funds.

l. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the Non-Current Governmental Assets Account Group.

The other basis of accounting employed by the County requires that all purchased fixed assets be valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized, as these assets are immovable and of value only to the County.

Assets in the Non-Current Governmental Assets Account Group are not depreciated nor has construction period interest on general fixed assets construction in progress been capitalized.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Compensated Absences

Pursuant to the terms of the various union contracts in place, employees are given until the anniversary of their date of hire to take annual vacations. Vacation time earned but not taken and additional salary-related payments as of December 31, 2017 have been included in the Non-Current Governmental Liabilities Account Group.

Pursuant to a resolution of the Board of Legislators and contractual agreements, employees are entitled to accrue a maximum of 255 days of sick leave.

Upon retirement, employees may convert each day of unused sick leave into $50, which can be used to offset the retiree's share of future health insurance expense. The County recognizes a liability for vesting sick leave and additional salary-related payments as employees earn benefits and to the extent it is probably that the employees will be paid for the benefit rather than taken as absences due to illness.

At December 31, 2017, $1,307,979 was recorded as a liability in the Non-Current Governmental Liabilities Account Group for this liability.

n. Reserves

The County records reserves to indicate the portion of the fund balance that is either legally or internally segregated for a specific future use and is not available for current appropriation.

o. Sales Tax

The County has entered into an agreement with the City, Towns and Villages for the distribution of sales tax. During the term 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.

p. Postemployment Benefits

In addition to providing pension benefits, the County provides certain health care benefits for retired employees. Substantially all of the County employees may become eligible for those benefits if they reach normal retirement age while working for the County. The cost of health care, which is recognized using the modified accrual basis of accounting, was $5,780,911 for 2017. 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.

q. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions are reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

r. Deferred Revenue Recognition

The County has elected to recognize social service revenue collected within 90 days after the close of the fiscal year.

2. 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 $25,387,060, which was available for use and required collateral. Of the available bank balance, FDIC coverage was $1,413,329 and the balance was collateralized with securities held by an agent of the County in the County's name of the balance of the County's deposits.

Cash, restricted, in the Permanent Fund of $12,032, at December 31, 2017, represents monies permanently restricted by donors, the income from which is to be used as stipulated by the donors.

3. REHABILITATION 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, 2017 are as follows:

Loan	Interest Rate	December 31, 2017
Carolina Club Inc.	2.00%	$ 25,714
Hill & Markes	3.25%	145,092
RAMA-Home Helpers	3.25%	99,883
AJ Bake Factory	3.50%	197,684
Flooring Authority	3.50%	243,141
Lee Shops	4.25%	396,808
Total		1,108,322
Less: Allowance for Doubtful Accounts		(166,248)
Rehabilitation Loans Receivable, net		$ 942,074

4. INTERFUND ACTIVITIES

Interfund activities at December 31, 2017 were as follows:

Fund	Interfund Receivables	Interfund Payables	Transfers In	Transfers Out
General	$ 5,302,524	$ 1,904,396	$ -	$ 5,538,128
Special Grant	-	19,075	-	-
County Road	161,172	415,543	5,298,592	3,358,051
Road Machinery	193,000	79,408	239,536	-
Sewer	8,641	10,453	-	-
Internal Service	2,240,832	3,860,609	-	-
Self Insurance	-	-	-	-
Agency	56,253	68,693	-	-
Post Closure	10,719	6,343	-	-
Capital Projects	11,104	1,619,725	3,358,051	-
Total	$ 7,984,245	$ 7,984,245	$ 8,896,179	$ 8,896,179

5. CAPITAL ASSETS

A summary of changes in the general fixed assets within the Non-Current Governmental Assets Account Group is as follows:

	Balance at January 1, 1905	Additions	Deletions	Balance at December 31, 1905
Capital assets				
Land	$ 1,279,603	$ -	$ -	$ 1,279,603
Construction in progress	1,123,986	880,000	-	2,003,986
Buildings and improvements	29,702,053	964,807	-	30,666,860
Machinery and equipment	13,533,959	1,616,449	1,196,047	13,954,361
Total capital assets	$ 45,639,601	$ 3,461,256	$ 1,196,047	$ 47,904,810

6. DEFERRED INFLOWS OF REVENUE

(a) General Fund

The amount represents the amount of accounts receivable or unearned revenue that is expected to be repaid or become an eligible and allowed cost and become available or recognized as revenue to the County beyond the next year. The balance consists of the following:

Description	
Receivable from Montgomery County IDA	$ 900,000
Unearned federal and state aid	2,876,913
Property taxes receivable	6,835,703
Total	$ 10,612,616

(b) Special Grant Fund

Deferred inflows of $942,074 at December 31, 2017, represent the net amount of outstanding loans from the Community Development Block Grants that are expected to be repaid and become available for additional loans. When the 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.

(c) Capital Projects Fund
Deferred inflows of $369,635 at December 31, 2017, represents the amount of an outstanding loan from the Montgomery County IDA (see note 1 (a)).

(d) Self-Insurance Fund
Deferred inflows of $44,657 at December 31, 2017, respectively represents the payments received from Fund members for future plan year assessments.

7. SHORT TERM DEBT

Liabilities for bond anticipation notes (BANs) are generally accounted for in the Capital Projects Funds and the Enterprise Fund. BANs must be renewed annually and typically require principal payments at that time.

State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewable for period’s equivalent to the maximum life of the permanent financing, providing that stipulated annual reductions of principal are made.

7. SHORT TERM DEBT (Continued)

Total short-term debt as of December 31, 2017 is as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
BAN maturing 12/28/2018 at 1.48%	$ 320,000	$ -	$ 64,000	$ 256,000
BAN maturing 10/13/2018 at 1.31%	850,000	-	850,000	-
BAN maturing 10/12/2018 at 1.30%	-	4,170,000	-	4,170,000
Total	$ 1,170,000	$ 4,170,000	$ 914,000	$ 4,426,000

8. LONG - TERM DEBT

A summary of changes in long-term debt is as follows:

	Balance at January 1, 2017	Increase\ Accretions	Decrease\ Payments	Balance at December 31, 2017
Governmental activity:				
Serial Bonds	$ 31,998,031	$ 7,298,000	$ 7,488,031	$ 31,808,000
Compensated Absences	1,129,075	178,904	-	1,307,979
Net pension liability	12,681,521		5,654,727	7,026,794
Due to other governments	189,456	-	60,071	129,385
Total governmental long-term debt	$ 45,998,083	$ 7,476,904	$ 13,202,829	$ 40,272,158

a. Serial 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 Non-Current Governmental Liabilities Account Group. 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.

8. LONG-TERM DEBT (Continued)

A summary of the serial bonds outstanding at December 31, 2017 is as follows:

Loan	Issued	Original Amount	Interest Rate	Final Maturity	Outstanding
Various capital projects	2008	$ 7,686,500	4.00%-4.25%	2018	$ 445,000
Various capital projects	2009	7,560,000	4.00% - 5.00%	2029	5,500,000
Florida Ind. Park land purchase	2011	960,000	4.90% - 5.00%	2021	440,000
Refunding bonds	2013	6,150,000	2.00% - 3.125%	2022	1,375,000
Refunding of 2006 bonds	2015	3,450,000	2.00% -5.00%	2024	3,035,000
Various capital projects	2015	8,150,000	2.00% - 2.75%	2030	7,290,000
Various capital projects	2016	6,733,031	2.00% - 2.375%	2032	6,425,000
Various capital projects	2017	3,073,000	2.25% - 3.00%	2032	3,073,000
Refunding bonds	2017	4,225,000	1.10% - 4.0%	2026	4,225,000
					$ 31,808,000

Aggregate minimum maturities of Serial Bond debt service is as follows:

For the year ending December 31,	Principal	Interest	Total
2018	$ 2,913,000	$ 1,165,653	$ 4,078,653
2019	2,935,000	902,056	3,837,056
2020	2,610,000	815,058	3,425,058
2021	2,685,000	727,751	3,412,751
2022	2,590,000	632,789	3,222,789
2023-2027	11,820,000	1,966,988	13,786,988
2028-2032	6,255,000	345,793	6,600,793
	$ 31,808,000	$ 6,556,089	$ 38,364,089

b. 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.

The County has recorded the debt in the Non-Current Governmental Liabilities group of accounts, and the outstanding amount at December 31, 2017 is $129,385. A summary is as follows:

Issued	Original Amount	Interest Rate	Final Maturity	Outstanding
1999	$ 841,000	5.4%-5.5%	2019	$ 129,385

8. LONG-TERM DEBT (Continued)

Aggregate minimum maturities of the related debt service are as follows:

For the year ending December 31,	Principal	Interest	Total
2018	64,692	7,116	71,808
2019	64,693	3,558	68,251
	$ 129,385	$ 10,674	$ 140,059

c. Legal Liability

The County records its estimated liability under legal actions taken against the County. As of December 31, 2017, there are no legal claims that are expected to exceed the County's insurance coverage.

9. NEW YORK STATE RETIREMENT SYSTEMS

New York State Employees' Retirement System

The County participates in the New York State and Local Employee's 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), 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 expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

9. NEW YORK STATE RETIREMENT SYSTEMS (Continued)

New York State Employees' Retirement System (Continued)

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

2017	$ 2,528,614
2016	$ 2,529,930
2015	$ 2,814,115

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

At December 31, 2017, the County reported a liability of $7,026,794 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. 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, 2017, the County's proportion was 0.0747832%, which was a decrease from 0.0790112% from its proportion measured at December 31, 2016.

At December 31, 2017, 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	$ 176,085	$ 1,067,058
Changes of Assumptions	2,400,610	
Net difference between projected and actual earnings on pension plan investments	1,403,536	-
Changes in proportion and differences between the County's contributions and proportionate share of contributions	45,708	1,128,480
	$ 4,025,939	$ 2,195,538

Actuarial Assumptions

The total pension liability at March 31, 2017, was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. 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

9. NEW YORK STATE RETIREMENT SYSTEMS (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 in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixes income as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017, are summarized below:

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%	7.75%
Real Estate	10.0%	5.80%
Absolute Return	2.0%	4.00%
Opportunistic Portfolio	3.0%	5.89%
Real Asset	3.0%	5.54%
Bonds and Mortgages	17.0%	1.31%
Cash	1.0%	-0.25%
Inflation Indexed Bonds	4.0%	1.50%
	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.

9. NEW YORK STATE RETIREMENT SYSTEMS (Continued)

New York State Employees' Retirement System (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

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

Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate Assumption

	1 % Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Proportionate Share of Net Pension liability (asset)	$ 22,442,188.00	$ 7,026,794	$ (6,006,893)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2017, were as follows:

	Pension Plan's Fiduciary Net Position	County's proportionate share of Plan's Fiduciary Net Position	County's allocation % determined by the Plan
Total pension liability	$ 177,400,586,000	$ 132,665,835	0.0747832%
Net position	(168,004,363,000)	(125,639,036)	0.0747832%
Net pension liability (asset)	$ 9,396,223,000	7,026,799	0.0747832%
Fiduciary net position as a percentage of total pension liability	94.7%	94.7%	

10. JOINT VENTURE

Fulton-Montgomery Community College (College) is jointly sponsored by Fulton and Montgomery Counties under provisions of Article 126 of the Education Law and under the terms of an agreement between the two counties dated March 1963. As a joint venture, separate financial statements are issued by the College and, accordingly, the activities of the College are excluded from the County's financial statements.

Significant provisions of the agreement between the Counties are as follows:

(a) Each County participates equally in the funding of College operations and selecting the governing body.

(b) The participating Counties have complete control over the budgeting and financing of the college.

10. JOINT VENTURE (Continued)

Significant provisions of the agreement between the Counties are as follows:

(c) All capital projects for the College are jointly sponsored and funded by Fulton and Montgomery Counties. The following is a summary of financial information pertaining to the College's capital projects, which are included in the Montgomery County's financial statements for 2017 as that County's share of the project:

Total assets	$ 177,013
Total liabilities	7,755
Fund equity	$ 169,258
Total revenues	$ 225,000
Total expenditures	$ 277,383

The following is a summary of the financial information included in audited financial statements issued for the joint venture for the year ended August 31, 2017:

		Component Units		
	Primary Institution	Foundation	Fulmont College Association	Total Reporting Unit
Statement of net position:				
Total assets	$ 23,395,395	$ 7,433,102	$ 11,495,897	$ 42,324,394
Total deferred outflows of resources	2,195,163	-	-	2,195,163
Total liabilities	8,525,030	300,401	11,746,478	20,571,909
Total deferred inflows of resources	661,063	-	-	661,063
Total net position	$ 16,404,465	$ 7,132,701	$ (250,581)	$ 23,286,585
Statement of revenue, expenses and changes in net assets:				
Total operating revenue	$ 7,860,244	$ 1,336,304	$ 3,911,626	$ 13,108,174
Total operating expenses	(24,974,207)	(627,239)	(3,904,104)	(29,505,550)
Net non-operating revenue (expense)	15,017,327	270,637	(516,538)	14,771,426
Capital appropriations	2,687,516	-	-	2,687,516
Increase (decrease) in net position	590,880	979,702	(509,016)	1,061,566
Net position at beginning of year	15,813,585	6,152,999	258,435	22,225,019
Net position at end of year	$ 16,404,465	$ 7,132,701	$ (250,581)	$ 23,286,585

11. RISK FINANCING ACTIVITIES

As further described in note 12 (c), facilities acquisition and service agreement, during 1989, the County transferred responsibility for the cost of landfill operation and closure. Liability for pollution control claims, if any, will be limited to when the County operated the landfill. At December 31, 2017, no provision has been made in the financial statements for any potential losses.

11. RISK FINANCING ACTIVITIES (Continued)

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. All known claims filed and an estimate of all incurred but not reported claims existing at December 31, 2017, have been recorded as a liability in the Internal Service Fund based upon an estimate provided by the third party administrator.

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 minimal deductible amounts except for certain pollution control risks, health benefits insurance, and workers' compensation insurance. Settled claims have not exceeded the commercial coverage by any material amount during the year ended December 31, 2017 and 2016.

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.

12. COMMITMENTS AND CONTINGENCIES

(a) 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.

(b) Other Claims

The County has been named defendant in various other actions. A review of these actions with the County's attorneys indicates that the cases are either fully covered by insurance or without substantial merit except for the following case:

A review of the actions with the County attorney indicates that the risk of loss to the County is reasonably possible for one case. With respect to the case, the lawsuit is in the early stages, and the attorney cannot predict the outcome of this lawsuit or estimate the amount of loss that may result. Accordingly, no provision for loss has been recorded in the financial statements.

(c) 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.

12. COMMITMENTS AND CONTINGENCIES (Continued)

(c) Facilities Acquisition and Service Agreement (Continued)

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.

13. INTERNAL SERVICE FUND

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. The other basis of accounting as allowed by the State Comptroller requires the application of Governmental Accounting Standards Board (GASB) Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues as amended by GASB Statement No. 30, Risk Financing Omnibus. The standard requires, among other matters, the use of the accrual basis of accounting for the way health benefits are recorded to an actual cost basis and all adjustments have been made in the financial statements.

14. SELF INSURANCE FUND

The County maintains another Internal Service Fund for the purpose of self-insuring workers' compensation benefits for its employees and those of various other governments within the county. Assessments to participating 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). The statements do not include any adjustments as an actuarial report was not obtained.

15. PROPERTY TAX ABATEMENT

Payments in Lieu of Taxes Agreements

The County has 7 real property tax abatement agreements entered into by the Montgomery County Industrial Development Agency (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 the 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.

15. PROPERTY TAX ABATEMENT (Continued)

Payments in Lieu of Taxes Agreements (Continued)

The following information relates to the PILOT agreements entered into under the agreements for the year ended December 31, 2017:

Agreement	Assessed Value	Tax Rate	Tax Value	PILOT Received	County Tax Abated
Montgomery County IDA	$ 81,210,066	various	$ 1,968,388	$ 1,670,124	$ 298,264

Property Tax Agreement with Housing Development and Redevelopment Companies
The County has 6 real property tax abatement agreements 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 entered into under the agreements for the year ended December 31, 2017:

Agreement	Assessed Value	Tax Rate	Tax Value	PILOT Received	County Tax Abated
Montgomery County IDA	$ 5,138,500	various	$ 93,328	$ 70,456	$ 22,872

OTHER INFORMATION- OTHER BASIS (UNAUDITED)

COUNTY OF MONTGOMERY, NEW YORK

SCHEDULE OF REVENUE, EXPENDITURES, ENCUMBRANCES, AND CHANGES IN FUND BALANCE - OTHER BASIS - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUE				
Real property tax items	$ 28,657,510	$ 28,657,510	$ 29,028,519	$ 371,009
Non property tax items	27,710,326	27,713,216	29,581,566	1,868,350
Departmental income	5,745,636	5,746,730	6,439,512	692,782
Intergovernmental charges	653,277	653,277	488,058	(165,219)
Use of money and property	56,400	56,400	74,264	17,864
Fines and forfeitures	117,000	119,943	152,940	32,997
Sale of property and compensation for loss	895,000	919,559	927,023	7,464
Miscellaneous local sources	210,000	211,187	455,949	244,762
Interfund revenues	27,400	27,400	25,873	(1,527)
State aid	11,195,574	12,329,416	12,301,112	(28,304)
Federal aid	9,748,575	9,864,789	8,334,708	(1,530,081)
Total revenue	85,016,698	86,299,427	87,809,524	1,510,097
EXPENDITURES				
General government support	20,025,468	20,658,149	20,719,062	(60,913)
Education	2,045,821	2,045,821	2,049,377	(3,556)
Public safety	8,245,809	8,399,745	7,573,228	826,517
Health	7,071,168	7,329,194	6,768,670	560,524
Transportation	504,500	544,277	544,277	-
Economic assistance and opportunity	29,099,665	29,320,473	27,608,215	1,712,258
Culture and recreation	280,935	711,547	472,594	238,953
Home and community services	3,325,600	3,325,600	3,768,660	(443,060)
Employee benefits	9,730,463	9,742,485	9,625,710	116,775
Debt principal	3,193,031	3,193,031	3,193,031	-
Debt interest	1,127,586	1,127,586	1,046,944	80,642
Total expenditures	84,650,046	86,397,908	83,369,768	3,028,140
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	366,652	(98,481)	4,439,756	4,538,237
OTHER USES:				
Interfund transfers out	(5,564,843)	(5,538,128)	(5,538,128)	-
Total other uses	(5,564,843)	(5,538,128)	(5,538,128)	-
REVENUE AND OTHER SOURCES OVER (UNDER) EXPENDITURES, ENCUMBRANCES, AND OTHER USES	(5,198,191)	(5,636,609)	(1,098,372)	4,538,237
FUND BALANCE - beginning of year	14,434,811	14,434,811	14,434,811	-
FUND BALANCE - end of year	$ 9,236,620	$ 8,798,202	$ 13,336,439	$ 4,538,237

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, 2017

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

See independent auditor's report.

COUNTY OF MONTGOMERY, NEW YORK

SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2017

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years * 2017	2016	2015
Contractually required contribution	$ 2,528,614	$ 2,529,930	$ 3,032,083
Contributions in relation to the contractually required contribution	2,528,614	2,529,930	3,032,083
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	$ 17,186,002	$ 16,586,682	$ 15,799,981
Contributions as a percentage of covered-employee payroll	14.71%	15.25%	19.19%

See independent auditor's report.

REQUIRED REPORTS UNDER UNIFORM GUIDANCE

COUNTY OF MONTGOMERY, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - OTHER BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

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	$ 628,398	$ -
U.S. Department of Transportation:				
Passed through New York State Department of Transportation:				
Formula Grants for Rural Areas	20.509	N/A	274,500	-
U.S. Department of Education:				
Passed through New York State Department of Health:				
Special Education - Grants for Infants and Families	84.181	C31643GG	16,535	-
Special Education - Grants for Infants and Families	84.181	C31643GG	5,436	-
			21,971	-
U.S Department of Health and Human Services:				
Passed through Health Research Inc. :				
Public Health Emergency Preparedness	93.069	C01622-10	35,904	-
Public Health Emergency Preparedness	93.069	C01622-11	13,706	-
Total Public Health Emergency Preparedness			49,610	-
Passed through New York State Department of Health:				
Immunization Cooperative Agreements	93.268	C028302	3,404	-
Immunization Cooperative Agreements	93.268	C028302	23,547	-
Total Immunization Cooperative Agreements			26,951	-
Passed through New York State Department of Family Assistance:				
Temporary Assistance for Needy Families	93.558	N/A	4,573,932	-
Low-income Home Energy Assistance	93.568	N/A	2,818,938	-
Child Care and Development Block Grant	93.575	N/A	630,171	-
Child Support Enforcement	93.563	N/A	165,369	-
Foster Care Title IV-E	93.658	N/A	572,684	-
Adoption Assistance	93.659	N/A	98,674	-
Social Services Block Grant	93.667	N/A	376,384	-
Chafee Foster Care Independence Program	93.674	N/A	597	-
Medical Assistance Program	93.778	N/A	758,908	-
			9,995,657	-
Passed through New York State Department of Health:				
Maternal and Child Health Services Block Grant to the States:				
Childhood Lead Poisoning	93.994	C030902	10,643	-
Childhood Lead Poisoning	93.994	C026519	4,448	-
Children with Special Health Care Needs	93.994	CO24626	12,541	-
Total Maternal and Child Health Services Block Grant to the States			27,632	-
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	111,509	-
Total U.S. Department of Health and Human Services			10,211,359	-
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	70,449	-
Total U.S. Department of Homeland Security			70,449	-
Total Expenditures of Federal Awards			$ 11,206,677	$ -

See 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, 2017

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, 2017. 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 financial position or the respective changes in financial position – other basis –governmental fund types, fiduciary fund type and non-current asset and liability account groups.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are presented in conformity with an other basis of accounting allowed by the New York Office of the State Comptroller and the amounts presented are derived from the County's general ledger.

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

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

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	$ 2,633,173

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*

October 22, 2018

To the County Legislature of County of Montgomery:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statement of the balance sheet – other basis - governmental fund types, proprietary fund types, fiduciary fund type and non-current governmental assets and liabilities account groups of the County of Montgomery, New York (County) as of December 31, 2017 and the statement of revenues, expenditures and changes in fund balance– other basis – governmental and proprietary fund types for the year ended December 31, 2017, and the related notes to the financial statements under the other basis of accounting allowed by New York Office of the State Comptroller. An adverse opinion was issued on the County's financial statements in accordance with generally accepted accounting principles as a result of reporting on the other basis of accounting described in Note 1. A qualified opinion was issued on the Non-Current Governmental Assets Account Group as the County does not have complete records to support its capital asset balances.

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 were not 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 (2017-001 and 2017-002).

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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

October 22, 2018

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, 2017. 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, 2017.

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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, 2017

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:	Adverse
Type of auditor's report issued on whether the financial statements present in accordance with the other comprehensive basis of accounting:	Qualified - Non-Current Governmental Assets Account Group Unmodified - All Other Funds and Non-Current Governmental Liabilities Account Group

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Identification of major programs:

CFDA Number	Name of Federal Program
93.558	Temporary Assistance for Needy Families
93.778	Medical Assistaance 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

2017-001 Department of Social Services Accounts Receivable (Material Weakness)

Criteria: The County issues financial statements prepared in accordance with an other basis of accounting as allowed by the New York State Office of the State Comptroller 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 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.

2017-002 Preparation of the Schedule of Expenditures of Federal Awards (Material Weakness)

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.

SHAWN J. BOWERMAN
TREASURER OF MONTGOMERY COUNTY
COUNTY ANNEX BUILDING, • P.O. BOX 1500 • PARK STREET • FONDA, NY 12068-1500 • PH: (518) 853-8175

Views of Responsible Official and Planned Corrective Action

Finding Reference: 2017-001
Department of Social Services Accounts Receivable

Finding:
The County issues financial statements prepared in accordance with an other basis of accounting as allowed by the New York State Office of the State Comptroller and the fair presentation is the responsibility of the County's management. In assessing the fair presentation of the financial statements and performing the 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. Failure to timely submitted claims and reconcile claims made to amounts received could result in over or understated revenues and receivables. The County has experienced turnover in key accounting positions in recent year. Which may have been the primary cause for the accounts receivable issues.

Auditor 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.

Views of Responsible Official and Planned Corrective Action:
The County has begun to correct the issue with staffing in the Department of Social Services. A new Accounting Supervisor has been hired to address the shortfall arising in the financial office of the department. This new employee is also being sent to neighboring counties to be properly trained in the filing and reconciling of monthly claims. The County also continuing to try to fill the other vacancies that exist in the finance office in Social Services.

Contact Person Responsible for Corrective Action:
Shawn Bowerman, Treasurer
518-853-8175

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TREASURER OF MONTGOMERY COUNTY
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Views of Responsible Official and Planned Corrective Action

Finding Reference: 2017-002
Preparation of the Schedule of Expenditures of Federal Awards

Finding:
The County is to prepare the schedule of expenditures of Federal awards in accordance with 2 CFR 200.510. Management prepared the schedule of expenditures of Federal Awards (SEFA) and presented the SEFA for audit. The auditors reviewed each line item in the SEFA and compared the SEFA to the general ledger. The auditors noted during their review that several Department of Social Service programs were misstated due to reimbursement caps not being recognized. An inaccurate SEFA may cause federal programs not to be audited in accordance with Uniform Guidance requirements. The County has experienced turnover in key accounting positions in recent year which may have been the primary cause for the discrepancies.

Auditor 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.

Views of Responsible Official and Planned Corrective Action:
The County has begun to correct the issue with the hiring of an Accounting Supervisor in the Department of Social Services. This new position will be responsible for the accuracy of the amounts stated on the SEFA. Throughout the first year of employment this new employee will be trained in other counties that are proficient with Social Service finances. The County has also contracted the services of an outside firm to conduct an analysis of the department and identify shortfalls and recommend corrective measures.

Contact Person Responsible for Corrective Action:
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