

**PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 17, 2019**

**NEW ISSUES  
SERIAL BONDS – BOOK ENTRY**

*In the opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, and interest on the Bonds will not be subject to the alternative minimum tax. In the further opinion of Bond Counsel, under existing law interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See “TAX MATTERS” herein for a description of the opinion of Bond Counsel and certain other tax consequences.*

*The Bonds will be designated as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986 (the “Code”).*

**\$450,000**

**VILLAGE OF MONTGOMERY  
ORANGE COUNTY, NEW YORK  
(the “Village”)**

**GENERAL OBLIGATION SERIAL BONDS – 2019 (TAX EXEMPT)  
(the “Bonds”)  
[BOOK-ENTRY-ONLY BONDS]**

**BOND MATURITY SCHEDULE  
(See Inside Front Cover)**

*Security and Sources of Payment:* The Bonds are general obligations of the Village and will contain a pledge of the faith and credit of the Village for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the Village, without limitation as to rate or amount, subject to applicable statutory limitations. See “Tax Levy Limit Law” herein.

*Prior Redemption:* The Bonds maturing on February 15, 2027 and thereafter are subject to redemption prior to maturity, at the option of the Village, as a whole or in part, on any date on or after February 15, 2026. (See “Optional Redemption” under “THE BONDS,” herein.)

*Form and Denomination:* At the option of the purchaser, the Bonds may be either registered in the name of the purchaser or registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”) as book-entry bonds. Individual purchases of the Bonds may be made in denominations of \$5,000 or integral multiples thereof. Bondholders will not receive certificates representing their respective interests in the Bonds purchased. See “Book-entry-only System” under “The Bonds,” herein

*Payment:* Payment of the principal of and interest on the Bonds to the beneficial owners of the Bonds will be made by DTC Participants and indirect participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in “street name.” Payment will be the responsibility of the DTC Participant or indirect participant and not of DTC or the Village, subject to any statutory and regulatory requirements as may be in effect from time to time. See “Book-Entry-Only System” under “The Bonds” herein.

Norton Rose Fulbright US LLP has not participated in the preparation of the demographic, financial or statistical data contained in this Official Statement, nor verified the accuracy, completeness or fairness thereof, and, accordingly, the firm expresses no opinion with respect thereto.

*The Bonds are offered when, as and if issued and received by the purchasers and subject to the receipt of the legal opinion as to the validity of the Bonds of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, and certain other conditions. It is anticipated that the Bonds will be available for delivery in New York, New York, or at such place as may be agreed upon with the purchaser(s) on or about February 6, 2019.*

**THIS ISSUE IS EXEMPT UNDER SEC RULE 15C2-12, AS SUCH, THE VILLAGE DOES NOT EXPECT TO ENTER INTO A CONTINUING DISCLOSURE UNDERTAKING IN CONNECTION WITH THE ISSUANCE OF THE BONDS.**

**VILLAGE OF MONTGOMERY**  
**ORANGE COUNTY, NEW YORK**

**\$450,000 GENERAL OBLIGATION SERIAL BONDS – 2019 (TAX EXEMPT)**

**BOND MATURITY SCHEDULE**

**Dated: February 6, 2019**

**Principal Due: February 15, 2020-2039, inclusive**  
**Interest Due: February 15, 2020, August 15, 2020**  
**and semi-annually thereafter in each**  
**year until maturity**

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield or</u> <u>Price</u>	<u>CUSIP #</u>
2020	\$15,000			
2021	15,000			
2022	15,000			
2023	15,000			
2024	15,000			
2025	20,000			
2026	20,000			
2027	20,000			
2028	20,000			
2029	20,000			
2030	20,000			
2031	25,000			
2032	25,000			
2033	25,000			
2034	25,000			
2035	30,000			
2036	30,000			
2037	30,000			
2038	30,000			
2039	35,000			

\*Amounts are subject to adjustment by the Village following the sale, pursuant to the terms of the Notice of Sale relating to the Bonds, to achieve substantial level or declining annual debt service as provided in Section 58.00 9(c)(2) of the Local Finance Law.

\*\*Subject to redemption prior to maturity.

**VILLAGE OF MONTGOMERY  
ORANGE COUNTY, NEW YORK**

133 Clinton Street  
Montgomery, New York 12549  
Telephone: 845/457-9661  
Fax: 845/457-5698

**VILLAGE OFFICIALS**

L. Stephen Brescia, Mayor  
JoAnn Scheels, Deputy Mayor

Trustees

Darleen Andolsek  
Michael Hembury

Walter Lindner

-----  
Monserrate Rivera-Fernandez, Village Clerk  
David Griffith, Village Treasurer  
Kevin Dowd, Attorney

\* \* \*

**BOND COUNSEL**

Norton Rose Fulbright US LLP  
New York, New York

\* \* \*

**MUNICIPAL ADVISOR**



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

E-mail: [info@munistat.com](mailto:info@munistat.com)  
Website: <http://www.munistat.com>

No dealer, broker, salesman or other person has been authorized by the Village to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds and the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Village from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Village since the date hereof.

## TABLE OF CONTENTS

	Page
<b>THE BONDS</b> .....	<b>1</b>
DESCRIPTION OF THE BONDS.....	1
OPTIONAL REDEMPTION OF THE BONDS.....	1
AUTHORIZATION AND PURPOSE FOR THE BONDS.....	2
BOOK-ENTRY-ONLY SYSTEM.....	2
CERTIFICATED BONDS.....	4
SECURITY AND SOURCE OF PAYMENT.....	4
<b>ENFORCEMENT OF REMEDIES UPON DEFAULT</b> .....	<b>4</b>
<b>VILLAGE OF MONTGOMERY</b> .....	<b>6</b>
GENERAL INFORMATION.....	6
EMPLOYEES.....	6
<b>DEMOGRAPHIC AND STATISTICAL INFORMATION</b> .....	<b>6</b>
POPULATION TRENDS.....	6
INCOME DATA.....	7
SELECTED LISTING OF LARGER EMPLOYERS IN THE COUNTY.....	7
UNEMPLOYMENT RATE STATISTICS.....	8
<b>INDEBTEDNESS OF THE VILLAGE</b> .....	<b>8</b>
CONSTITUTIONAL AND STATUTORY REQUIREMENTS.....	8
STATUTORY PROCEDURE.....	8
COMPUTATION OF DEBT LIMIT AND CALCULATION OF NET DEBT CONTRACTING MARGIN.....	10
DEBT SERVICE REQUIREMENTS - OUTSTANDING BONDS.....	11
SHORT-TERM INDEBTEDNESS OUTSTANDING.....	11
AUTHORIZED BUT UNISSUED INDEBTEDNESS.....	11
TREND OF OUTSTANDING DEBT.....	11
CALCULATION OF ESTIMATED OVERLAPPING AND UNDERLYING INDEBTEDNESS.....	12
DEBT RATIOS.....	12
<b>FINANCIAL MATTERS</b> .....	<b>12</b>
FINANCIAL STATEMENTS AND ACCOUNTING PROCEDURES.....	12
INVESTMENT POLICY.....	12
FINANCIAL ORGANIZATION AND BUDGETARY PROCEDURES.....	14
FUND STRUCTURE AND ACCOUNTS.....	14
BASIS OF ACCOUNTING.....	14
REVENUES.....	14
<i>Real Property Taxes</i> .....	14
<i>State Aid</i> .....	14
EXPENDITURES.....	15
BUDGETARY PROCEDURES.....	15
STATUS AND FINANCING EMPLOYEE PENSION BENEFITS.....	15
PAYMENTS TO THE RETIREMENT SYSTEMS.....	17
OTHER POST-EMPLOYMENT BENEFITS.....	17
<b>TAX INFORMATION</b> .....	<b>17</b>
REAL PROPERTY TAXES.....	17
TAX COLLECTION PROCEDURE.....	18
TAX INCREASE PROCEDURAL LIMITATION LEGISLATION.....	18

# TABLE OF CONTENTS - CONTINUED

	Page
TAX LIMIT .....	19
TAX LEVIES AND RATES .....	19
SELECTED LISTING OF LARGE TAXABLE PROPERTIES.....	19
<b>LITIGATION .....</b>	<b>19</b>
<b>CYBERSECURITY .....</b>	<b>20</b>
<b>RISK FACTORS AND MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE.....</b>	<b>20</b>
<b>DISCLOSURE UNDERTAKING.....</b>	<b>20</b>
<b>TAX MATTERS.....</b>	<b>20</b>
TAX EXEMPTION .....	20
TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN BONDS .....	21
QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS .....	22
<b>LEGAL MATTERS .....</b>	<b>22</b>
<b>RATING .....</b>	<b>22</b>
<b>MUNICIPAL ADVISOR .....</b>	<b>22</b>
<b>ADDITIONAL INFORMATION .....</b>	<b>23</b>
<b>APPENDIX A: FINANCIAL INFORMATION</b>	
<b>APPENDIX B: ANNUAL FINANCIAL REPORT UPDATE DOCUMENT FOR THE FISCAL YEAR ENDED MAY 31, 2018</b>	
<b>APPENDIX C: FORM OF LEGAL OPINION</b>	

## **OFFICIAL STATEMENT**

### **VILLAGE OF MONTGOMERY ORANGE COUNTY, NEW YORK**

#### **\$450,000 GENERAL OBLIGATION SERIAL BONDS – 2019 (TAX EXEMPT) [BOOK-ENTRY BONDS]**

This Official Statement and the appendices hereto present certain information relating to the Village of Montgomery, in the County of Orange, in the State of New York (the “Village,” “County” and “State,” respectively) in connection with the sale of \$450,000 General Obligation Serial Bonds – 2019 (Tax Exempt) (the “Bonds”).

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

#### **THE BONDS**

##### **Description of the Bonds**

The Bonds will be dated February 6, 2019, and will mature on February 15 in each of the years 2020 to 2039, inclusive, in the principal amounts as set forth on the inside cover page hereof.

At the option of the purchaser, the Bonds may be either registered in the name of the purchaser or registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”) as book-entry bonds. Individual purchases of the Bonds may be made in denominations of \$5,000 or integral multiples thereof. For Bonds issued as book-entry bonds through DTC, Bondholders will not receive certificates representing their respective interests in the Bonds purchased. (See “Book-entry-only System” under “THE BONDS” herein).

Interest on the Bonds will be payable February 15, 2020, August 15, 2020 and semi-annually thereafter in each year to maturity. Principal and interest will be paid by the Village to the Securities Depository, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the Village referred to therein.

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

The Village will act as Paying Agent for the Bonds. Paying agent fees, if any, will be paid by the purchaser(s). The Village’s contact information is as follows: David Griffith, Village Treasurer, Village of Montgomery, 133 Clinton Street, Montgomery, New York 12549, telephone number (845) 457-9661 Ext. 205, Fax (845) 457-5698 and email: david.treasurer@villageofmontgomery.org.

##### **Optional Redemption of the Bonds**

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

If less than all of the Bonds of any maturity are to be redeemed prior to maturity, the particular Bonds of such maturity to be redeemed shall be selected by the Village by lot in any customary manner of selection as determined by the Village Treasurer. Notice of such call for redemption shall be given by mailing such notice to the registered owner at least thirty (30) days prior to the date set for such redemption. Notice of redemption having been given as aforesaid, the bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date.

### Authorization and Purpose for the Bonds

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Village Law and the Local Finance Law, and various bond resolution duly adopted by the Village Board, authorizing the issuance of bonds for the following purposes:

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Total Amount to be Issued</u>
07/03/2018	Water Filtration System	<u>\$450,000</u>
	Total:	<u>\$450,000</u>

### Book-Entry-Only System

So long as the Bonds remain in the Book-Entry-Only System, as described below, the Village will give such notice only to Cede & Co., or other successor nominee of DTC, as sole registered holder.

DTC, will act as securities depository for the Bonds. 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 and deposited with DTC for all of the Bonds bearing the same rate of interest.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of certificates.

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

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

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

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

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

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

Principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Village on the payable date, in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC (nor its nominee) or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Village, 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 at any time by giving reasonable notice to the Village. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

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

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

The information contained in the above section concerning DTC and DTC's book-entry system has been obtained from sample offering document language supplied by DTC, but the Village takes no responsibility for the accuracy thereof. In addition, the Village will not have any responsibility or obligation to participants, to indirect participants or to any beneficial owner with respect to: (i) the accuracy of any records maintained by DTC, and participant or any indirect participant; (ii) the payments by DTC or any participant or any indirect participant of any amount with respect to the principal of, or premium, if any, or interest on the bonds or (iii) any notice which is permitted or required to be given to Bondowners.

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

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



## **Certificated Bonds**

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Village and discharging its responsibilities with respect thereto under applicable law, or the Village 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, and a replacement book-entry securities depository is not appointed, the following provisions will apply: the Bonds will be issued in registered form in denominations of \$5,000, or integral multiples thereof. Principal of and interest on the Bonds when due will be payable at the principal corporate trust office of a bank or trust company to be named by the Village as the fiscal agent; certificated Bonds may be transferred or exchanged at no cost to the owner of such bonds at any time prior to maturity at the corporate trust office of the fiscal agent for bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the certificate of the Village Treasurer authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law.

## **Security and Source of Payment**

The Bonds are general obligations of the Village 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 Village is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, without limitation as to rate or amount, except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011. See "Tax Levy Limit Law" herein.

## **ENFORCEMENT OF REMEDIES UPON DEFAULT**

The following description of factors affecting the possible enforcement of remedies upon a default by the Village is not intended to constitute legal advice and is not a substitute for obtaining the advice of counsel on such matters. Factors governing the availability of remedies against the Village are complex and the obligations of the Village, under certain circumstances, might not be enforced precisely as written.

**General Municipal Law Contract Creditors' Provision.** The Bonds when duly issued and paid for will constitute a contract between the Village and the purchaser. Such contracts, if not honored, would generally be enforceable through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Village upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might apply if there were a default in the payment of the principal of and interest on the Bonds.

**Unavailability of Remedies of Levy and Attachment.** As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. Under the general rule with respect to municipalities, judgments against the Village may not be enforced by levy and execution against property owned by the Village.

**Constitutional Non-Appropriation Provision.** The Constitution of the State, Article VIII, Section 2, contains the following provision relating to the annual appropriation of monies for the payment of 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 owner of obligations issued for any such indebtedness." This constitutional provision providing for first revenue set asides applies to the payment of interest on all indebtedness and to the payment of principal maturing on bonds, but does not apply to principal due on tax anticipation notes, revenue anticipation notes or bond anticipation notes. If the Village were to fail to make a required appropriation, however, the ability of affected owners of Village indebtedness to enforce this provision as written could be compromised or eliminated as described below under "Bankruptcy", "State Debt Moratorium Law" and "Possible Priority of Continuation of Essential Public Services".

**Bankruptcy.** The Federal Bankruptcy Code allows municipalities, such as the Village, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Should the Village file for relief under the Federal Bankruptcy Code there could be adverse effects on the owners of the Bonds.

The State, in Section 85.80 of the Local Finance Law, has authorized any municipality in the State to file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt including judicial control over identifiable and unidentifiable creditors.

Under the United States Constitution, Federal law is supreme and may be enforced irrespective of contrary state law. Accordingly, proceedings in accordance with the Federal Bankruptcy Code could result in an allocation of funds that fails to honor the faith and credit pledge required by the State Constitution.

No current State law purports to create any collateral or priority for owners of the Bonds should the Village be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. The Bonds could be deemed unsecured obligations of the Village in a bankruptcy case.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality that is insolvent, which generally means the municipality is unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors. Any plan of adjustment can be confirmed by the court over the objections of creditors if the plan is found to be "fair and equitable" and in the "best interests of creditors." A plan of adjustment may alter the terms and provisions of the Bonds, including the payment terms, interest rate, maturity date, and payment sources, as long as the bankruptcy court finds that the alterations are "fair and equitable." If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

Accordingly, the rights of the owners of Bonds to receive interest and principal from the Village and the enforceability of the Village's faith and credit pledge to pay such interest and principal could be adversely affected by the restructuring of the Village's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of owners of debt obligations issued by the Village (including the Bonds) to payment from monies retained in any fund or from other sources would be recognized if a petition were filed by or on behalf of the Village under the Federal Bankruptcy Code. Such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally, or might even be directed to satisfy other claims instead of being paid to the owners of the Bonds.

Regardless of any specific adverse determinations in a bankruptcy proceeding of the Village, the fact of such a bankruptcy proceeding could have an adverse effect on the liquidity and market value of the Bonds.

**State Debt Moratorium Law.** Unless the Federal Bankruptcy Code or other Federal Law applies, as described above, enforcement of the rights of Bond owners will generally be governed by State Law. In 1975, a general State law debt service moratorium statute was enacted.

Under that legislation, 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 was suspended. 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, in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731, 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 obligations.

Accordingly, State legislation materially limiting the timing or manner of actions to enforce the faith and credit pledge against an issuer of general obligation debt (including that portion of Title 6-A of Article 2 of the Local Finance Law enacted in 1975 authorizing any municipality in a State-declared financial emergency period to petition to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality) could be determined to conflict with the State Constitution and may not be enforceable.

**Possible Priority of Continuation of Essential Public Services.** In prior years, certain events and legislation affecting an owner's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of note or bond owners, such courts might hold that future events, including financial crises as they may occur in the State and in political subdivisions of the State, require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

**No Past Due Debt.** No principal of or interest on Village indebtedness is past due. The Village has never defaulted in the payment of the principal of and interest on any indebtedness.

## VILLAGE OF MONTGOMERY

There follows in this Statement a brief description of the Village, together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and expenditures and general and specific funds.

### General Information

Montgomery is a Village located in Orange County, New York, 60 miles northwest of New York City, and 90 miles southwest of Albany. The population according to Orange County is 4,343. The Village resides within the Town of Montgomery. The historic Village of Montgomery was incorporated on February 17, 1810, the Village was originally named Ward's Bridge after James Ward, one of the first settlers. Ward built and operated a grist mill in what is now the village during the mid-18th century. A bridge over the Wallkill River near the mill was named in honor of him, even today the name "Ward's Bridge" and the bridge remain in use. The village was renamed by local soldiers that fought with General Richard Montgomery in the American Revolutionary War, he died in battle in the 1775 invasion of Canada. The Village of Montgomery has many historic homes, sites and districts that are registered with the Federal Government and the State of New York. Some of the historic places played host to famous athletes, actors and infamous mobsters. Montgomery has transformed over the years, however it still keeps to its historic roots. The Village appeals to and attracts new residents due to its historic charm, location, shops and has three of the best restaurants in Orange County. The Village has a 24 hour police force, fire protection from the all-volunteer Montgomery Fire Department and EMS services from the Town of Montgomery Volunteer Ambulance Corps. The Village prides itself with responsive and dedicated DPW and municipal workers. It has an annual celebration, General Montgomery Day that attracts tens of thousands of visitors each year to join in the festivities celebrating the Village. The Village pays homage to its and the surrounding areas fallen hero's with celebrations to commemorate Memorial and Veterans Day, Pearl Harbor remembrance, 911 and others. The Village has several other events during the year which include St. Pat's Ramble, Mardi Gras, Easter egg hunt, outdoor summer concert series featuring local musicians, Grand Montgomery Chamber Music Series featuring notable classical musicians, Halloween parade, Toys For Tots train stop, Old Fashioned Christmas event, historic walking tours featuring decorated historic homes, with the majority of these free of charge to its residents.

### Employees

The Village provides services through 44 employees. Some of the employees are represented as follows:

<u>Name of Union</u>	<u>Expiration Date of Contract</u>	<u>Approx No. of Members</u>
Village of Montgomery PBA	05/31/2020	12
Transport Workers of America, AFL-CIO	06/01/2020	11

## DEMOGRAPHIC AND STATISTICAL INFORMATION

The following tables present certain comparative demographic and statistical information regarding the Village, the County and the State.

### Population Trends

<u>Year</u>	<u>Village</u>	<u>Orange County</u>	<u>New York State</u>
1990	N/A	307,647	17,990,455
2000	N/A	341,367	18,976,457
2010	3,817	370,201	19,229,752
2017	4,526	378,174	19,798,228

Sources: U.S. Bureau of the Census Population Reports.

### Income Data

	Per Capita Money Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2017<sup>a</sup></u>
Village of Montgomery	-	-	\$29,832	\$33,068
County of Orange	\$15,198	\$21,597	28,944	32,616
State of New York	16,501	23,389	30,948	35,752
	Median Household Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2017<sup>a</sup></u>
Village of Montgomery	-	-	\$71,367	\$83,292
County of Orange	\$44,039	\$60,355	69,523	75,146
State of New York	32,965	51,591	55,603	62,765

Source: United States Bureau of the Census

a. Based on American Community Survey 5-Year Estimates (2013-2017)

### Selected Listing of Larger Employers in the County

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Orange & Rockland Utilities	Public Utility	\$240,357,610
Chelsea GCA Realty	Shopping Center	158,737,400
Central Hudson & Gas	Public Utility	132,600,692
Roseton Generating	Public Utility	48,091,500
Crystal Run Newco LLC	Commercial Landlord	34,587,906
Allegiance Healthcare	Healthcare	30,955,000
GWL 201 Neelytown LLC	Real Estate Developer	30,052,400
Middletown I Resources LP	Shopping Center	26,636,724
Idlewild Creek Apartments LP	Apartment Complex	25,041,700
East Coast Imperial Garden	Apartment Complex	7,700,100
	Total	\$734,761,032

## Unemployment Rate Statistics

Unemployment statistics are not available for the Village as such. The smallest area for which such statistics are available (which includes the Village) is the County of Orange. The information set forth below with respect to such County is included for information purposes only. It should not be implied from the inclusion of such data in this Official Statement that the Village is necessarily representative of the County or vice versa.

<u>Annual Averages:</u>	<u>Orange County (%)</u>	<u>New York State (%)</u>
2014	5.8	6.4
2015	4.7	5.3
2016	4.3	4.8
2017	4.6	4.7
2018 (9 Month Average)	4.5	4.4

Source: Department of Labor, State of New York

## INDEBTEDNESS OF THE VILLAGE

### Constitutional and Statutory Requirements

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

**Purpose and Pledge.** The Village 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 Village may contract indebtedness only for a Village 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, 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; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the Village has authorized the issuance of indebtedness having substantially level or declining annual debt service. The Village is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

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

### Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the Village to borrow and incur indebtedness through the enactment of the Local Finance Law, subject to the provisions set forth above. The power to spend money generally derives from other law, including specifically the Village Law and the General Municipal Law.

Pursuant to the Local Finance Law, the Village authorizes the issuance of bonds by the adoption of a bond resolution approved by at least two-thirds of the members (that is, four of the five members) of the Village Board, the finance board of the Village. Customarily, the Village Board has delegated to the Village Treasurer, as chief fiscal officer of the Village, the power to authorize and sell bonds and bond anticipation notes in anticipation of the sale 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 Village is not authorized to expend money, or
  - (2) there has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations
- and an action contesting such validity is commenced within twenty days after the date of such publication, or,
- (3) such obligations are authorized in violation of the provisions of the State Constitution.

Except on rare occasions the Village complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but 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 restrictions (Constitution, Local Finance Law and case law) relating to the period of probable usefulness thereof.

The Village Board, as the finance board of the Village, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell the obligations to the Village Treasurer, the chief fiscal officer of the Village, pursuant to the Local Finance Law.

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

In general, the Local Finance Law contains provisions granting the Village with power to issue certain other short-term general obligation indebtedness, including revenue and tax anticipation notes and budget notes (See "Indebtedness of the Village" herein).

There is no constitutional limitation on the amount that may be raised by the Village by tax on real estate in any fiscal year to pay principal and interest on all indebtedness. However, the new Tax Levy Limit Law imposes a statutory limitation on the power of the Village to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in the new Tax Levy Limit Law. The Village Board may override such limitations by the vote of four members. See "Tax Increase Procedural Limitation Legislation" for a description of the Tax Levy Limit Law and the definition of "Tax Levy Increase Limit" as used herein.

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

**Computation of Debt Limit and Calculation of Net Debt Contracting Margin**  
(As of January 17, 2019)

<u>Fiscal Year Ending May 31:</u>	<u>Assessed Valuation</u>	<u>State Equal. Rate (%)</u>	<u>Full Valuation</u>
2015	\$183,035,664	71.00	\$ 257,796,710
2016	183,219,986	72.00	254,472,203
2017	183,689,450	71.00	258,717,535
2018	184,275,076	68.00	270,992,759
2019	184,360,955	65.00	<u>283,632,238</u>
Total Five Year Full Valuation			\$1,325,611,445
Average Five Year Full Valuation			265,122,289
Debt Limit - 7% of Average Full Valuation			18,558,560
Inclusions:			
General Purpose Bonds			60,750
Water Purpose Bonds			212,000
Bond Anticipation Notes			<u>609,000</u>
Total Inclusions			<u>881,750</u>
Exclusions:			
Appropriations			36,750
Water Debt			<u>212,000</u>
Total Exclusions			<u>248,750</u>
Total Net Indebtedness			<u>633,000</u>
Net Debt Contracting Margin			<u><u>\$17,925,560</u></u>
Percent of Debt Contracting Margin Exhausted			3.41%

**Debt Service Requirements - Outstanding Bonds**

Fiscal Year Ending May 31:	Principal	Interest	Total
2019	\$ 63,250	\$11,056	\$74,306
2020	38,500	8,133	46,633
2021	38,500	5,880	44,380
2022	26,500	4,293	30,793
2023	26,500	3,434	29,934
2024-2028	79,500	5,152	84,652
<b>Totals</b>	<b>\$272,750</b>	<b>\$37,948</b>	<b>\$310,698</b>

**Short-Term Indebtedness Outstanding**

As of the date of the Official Statement, the following is a list of note borrowings currently outstanding.

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
Orange County	01/10/2019	0.81	\$2,277,357	\$2,032,088
Town of Montgomery	12/31/2017	16.32	758,490	758,490
Valley Central School District	06/06/2018	10.41	3,065,745	3,065,745
<b>Totals</b>			<b>\$6,101,592</b>	<b>\$5,856,323</b>

**Authorized But Unissued Indebtedness**

As of the date of this Official Statement, the following items are authorized but unissued:

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Amount</u>
07/03/2018	Water Filtration System	\$ 450,000 <sup>a</sup>
	<b>Total:</b>	<b>\$450,000</b>

a. The issuance of the Bonds will finance such amount.

**Trend of Outstanding Debt**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Bonds	\$269,750	\$171,000	\$134,250	\$336,000	\$272,750
BANs	460,000	685,000	525,000	305,000	301,000
<b>Total Debt Outstanding</b>	<b>\$729,750</b>	<b>\$856,000</b>	<b>\$659,250</b>	<b>\$641,000</b>	<b>\$573,750</b>



**Calculation of Estimated Overlapping and Underlying Indebtedness**

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
Orange County	01/10/2019	0.81	\$2,277,357	\$2,032,088
Town of Montgomery	12/31/2017	16.32	758,490	758,490
Valley Central School District	06/06/2018	10.41	3,065,745	3,065,745
<b>Totals</b>			<b>\$6,101,592</b>	<b>\$5,856,323</b>

**Debt Ratios**  
(As of January 17, 2019)

	<u>Amount</u>	<u>Per Capita<sup>a</sup></u>	<u>Percentage of Full Value (%)<sup>b</sup></u>
Total Direct Debt	\$ 881,750	\$ 195	0.311
Net Direct Debt	633,000	140	0.223
Total Direct & Applicable Total Overlapping Debt	6,983,342	1,543	2.462
Net Direct & Applicable Net Overlapping Debt	6,489,323	1,434	2.288

a. The current estimated population of the village is 4,526.

b. The full valuation of taxable real property in the Village for 2018-19 is \$259,542,361.

**FINANCIAL MATTERS**

**Financial Statements and Accounting Procedures**

As required by law, the Village prepares an Annual Financial Report Update Document (“AUD”), which is unaudited and not prepared in accordance with generally accepted accounting principles, for submission to the office of the State Comptroller. A copy of the unaudited financial statement for the fiscal year ending May 31, 2018 is attached as Appendix B. A summary of operating results are presented in Appendix A.

**Investment Policy**

The Village has adopted an investment policy which is summarized as follows:

The primary objectives of the local government's investment activities are, in priority order

- to conform with all applicable federal, state and other legal requirements (legal);
- to adequately safeguard principal (safety);
- to provide sufficient liquidity to meet all operating requirements (liquidity); and
- to obtain a reasonable rate of return (yield).

The governing board's responsibility for administration of the investment program is delegated to the Village Treasurer who has established written procedures for the operation of the investment program consistent with these investment guidelines. Such procedures include an adequate internal control structure to provide a satisfactory level of accountability based on a data base or records incorporating description and amounts of investments, transaction dates, and other relevant information such procedures also regulate the activities of subordinate employees. Certain aspects of such procedures are summarized as follows:

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Village to govern effectively.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

All participants involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

It is the policy of the Village to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

It is the policy of the Village for all moneys collected by an officer or employee of the government to transfer those funds to the Village Treasurer within the time period specified by law.

The Village Treasurer is responsible for establishing and maintaining an internal control structure to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

In accordance with the provisions of General Municipal Law, §10, all deposits of the Village, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured:

By a pledge of "eligible securities" with an aggregate "market value" as provided by GML §10, equal to the aggregate amount of deposits.

Eligible securities used for collateralizing deposits shall be held by a third party bank or trust company subject to security and custodial agreements.

The security agreement shall provide that eligible securities are being pledged to secure local government deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events which will enable the local government to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the Village, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Village or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for, the Village, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the Village a perfected interest in the securities.

As authorized by General Municipal Law, §11, the Village authorizes the Village Treasurer to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- Special time deposit accounts;
- Certificates of deposit;
- Obligations of the United States of America;
- Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America;
- Obligations of the State of New York;
- Obligations issued pursuant to Local Finance Law §24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation other than the Village of Greenport;
- Obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies where the general State statutes governing such entities or the specific enabling legislation authorizes such investments.

All investment obligations shall be payable or redeemable at the option of the Village within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the Village within two years of the date of purchase.

The Village shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the Village conducts business must be credit worthy. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the Village of Greenport. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. The Village Treasurer is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually.

### **Financial Organization and Budgetary Procedures**

The Village Treasurer is the chief fiscal officer of the Village. The duties of the Village Treasurer include administration and general supervision of all Village accounting and bookkeeping functions and departmental operations. As required by the Village's adopted Investment Policy, the Village Treasurer has promulgated a policy statement outlining the procedures for operation of the financial management and investment program.

The Mayor is the Budget Officer who prepares a preliminary budget in the Spring of each year and holds a public hearing thereon by April 15. Subsequent to the budget hearing, revisions, if any, are made and the budget is then adopted by the Board of Trustees as its final budget for the coming fiscal year by May 1. The budget is not subject to voter approval; however, the annual tax levy is subject to the provisions of the Tax Levy Limit Law. (See "*Tax Levy Limit Law*" herein).

### **Fund Structure and Accounts**

The General Fund is the general operating fund for the Village and is used to account for substantially all revenues and expenditures of the Village. The Village also maintains a Water Fund, an Debt Service, a Sewer Fund, Capital Projects Fund, and a Trust and Agency Fund.

### **Basis of Accounting**

The Village's governmental funds are accounted for on a modified accrual basis whereby revenues, other than those susceptible ("measurable" and "available" to finance current operations) to accrual, are recorded when received in cash. Revenues susceptible to accrual include real property taxes and State aid. The Village generally records expenditures on the accrual basis when fund liabilities are incurred, except as follows: Interest on general obligation debt which is recorded when it becomes due. Pension costs billed to the Village by the State are recorded as expenditures in full in the fiscal year billed. The estimated unbilled portion of these pension costs for governmental funds are shown as a liability on the balance sheet of the general long-term debt accounts group. Accumulated vacation and sick leave are also accounted for in the general long-term debt account group. Inventories are generally not recorded but expensed at the time of purchase. Fixed assets are recorded at cost; there is no provision for depreciation expense.

### **Revenues**

The Village receives most of its revenues from a real property tax on all non-exempt real property situated within the Village. Non-Property Taxes, Intergovernmental Charges, Departmental Income and State aid. A summary of such revenues for the five most recently completed fiscal years and estimated revenues for the current fiscal year may be found in Appendix A.

#### *Real Property Taxes*

See "Tax Information", herein.

#### *State Aid*

The Village receives financial assistance from the State. If the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Village, may be affected by a delay in the payment of State aid. Additionally, 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 Village, in this year or future years, the Village 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.

Based on the audited financial statements of the Village, the Village received approximately 3.41% of its total General Fund operating revenue from State aid in the fiscal year ending May 31, 2018. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and, in fact, the State has drastically reduced funding to municipalities and school districts in the last several years in order to balance its own budget.

Although the Village cannot predict at this time whether there will be any delays and/or reductions in State aid in the current year or in future fiscal years, the Village may be able to mitigate the impact of any delays or reductions by reducing expenditures, increasing revenues appropriating other available funds on hand, and/or by any combination of the foregoing.

The following table sets forth the percentage of the Village's General Fund revenue comprised of State aid for each of the fiscal years 2014 through 2018, inclusive and, as budgeted, for fiscal year ending 2019.

<u>Fiscal Year</u> <u>Ending May 31:</u>	<u>Total Revenue</u>	<u>State Aid</u>	<u>State Aid to</u> <u>Revenues (%)</u>
2014	\$3,747,106	\$49,945	1.33
2015	3,942,422	152,157	3.86
2016	3,877,039	104,160	2.69
2017	3,970,417	147,130	3.71
2018	4,117,830	140,259	3.41
2019 (Budgeted)	4,638,771	94,169	2.03

### **Expenditures**

The major categories of expenditure for the Village are General Support, Instruction, Employee Benefits, Pupil Transportation and Debt Service. A summary of the expenditures for the five most recently completed fiscal years may be found in Appendix A.

### **Budgetary Procedures**

The Village Board, with the assistance of the Village Administrator, prepares a preliminary budget in the Spring of each year and holds a public hearing thereon by April 15. Subsequent to the budget hearing, revisions, if any, are made and the budget is then adopted by the Board of Trustees as its final budget for the coming fiscal year by May 1. The budget is not subject to voter approval.

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

Substantially all employees of the Village are members of the New York State and Local Employees' Retirement System ("ERS") or the State and Local Police and Fire Retirement System ("PFRS" and together with ERS, the "Retirement System"). The Retirement System is a cost-sharing multiple employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service, except for "Tier 6" employees, as discussed below, whose benefits vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 and before January 1, 2010 must contribute three percent of their gross annual salary towards the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. On December 10, 2009, a new Tier 5 was created, which was effective for new ERS employees hired on or after January 1, 2010. New ERS employees in Tier 5 contribute 3% of their salaries to the pensions. There is no provision for these contributions to cease for Tier 5 employees after a certain period of service.

Pension reform legislation changed the billing cycle for employer contributions to the ERS retirement system to match budget cycles of the Village. Under the previous method, the Village was not provided with required payment until after the budget was implemented. Under the reforms implemented, the employer contribution for a given fiscal year is based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the Town is notified of and can include the actual cost of the employer contribution in its budget. Legislation also required a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible.

In addition, the pension payment date for all local governments was changed from December 15 to February 1 and permits the legislative body of a municipality to establish a retirement contribution reserve fund for the purpose of financing retirement contributions in the future. The New York State Retirement System has advised the Town that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount.

On March 16, 2012, the new Tier 6 pension program was established, effective for new ERS employees hired after April 1, 2012. The Tier 6 legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier 6 employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

Members of the PFRS are divided into four tiers. The plans adopted for PFRS employees are noncontributory for Tier 1 and Tier 2 employees. PFRS members that were hired between July 1, 2009 to January 8, 2010 are currently in Tier 3, which has a 3% employee contribution rate by members. There is no Tier 4 in PFRS. PFRS members hired after January 9, 2010 are in Tier 5 which also requires a 3% employee contribution. PFRS members hired after April 1, 2012 are in Tier 6, which also originally has a 3% contribution requirement for members for fiscal year 2012-2013; however, as of April 1, 2013, Tier 6 PFRS members are required to contribute a specific percentage of their annual salary, as follows, until retirement or until the member has reached 32 years of service credit, whichever occurs first: \$45,000.00 or less contributes 3%; \$45,000.01 to \$55,000.00 contributes 3.5%; \$55,000.01 to \$75,000.00 contributes 4.5%; \$75,000.01 to \$100,000.00 contributes 5.75%; and more than \$100,000.00 contributes 6%.

Due to significant capital market declines in the past, the State's Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, the employer contribution rate for the State's Retirement System continues to be higher than the minimum contribution rate established in the past. The State calculates contribution amounts based upon a five-year rolling average. As a result, contribution rates are expected to remain higher than the minimum contribution rates set by past legislation. To mitigate the expected increases in the employer contribution rate, various forms of legislation has been enacted that would permit local governments to borrow a portion of their required payments from the State pension plan.

The Employer Contribution Stabilization Program was signed into law on August 11, 2010 as Chapter 57 of the Laws of 2010. This statute enables local governments to amortize a portion of the annual pension costs. The program allows local governments to amortize required contributions in excess of 17.5% for PFRS member and 9.5% for ERS members. Amortized amounts will be paid in equal annual installments over a ten year period.

In Spring 2014, the State and ERS approved a Stable Contribution Option ("SCO"), which modified its existing SCO adopted in 2010, that gives municipalities the ability to better manage the spikes in Actuarially Required Contribution rates ("ARCs"). The plan allows municipalities to pay the SCO amount in lieu of the ARC amount.

The primary purpose of participation in the various amortization programs is to manage the volatility in the required pension contributions. However, although such programs reduce payments in the near term, it may result in much higher payments in the future. As such, the Village does not intend to amortize any payments to the Retirement Systems.

## Payments to the Retirement Systems

Fiscal Year Ending May 31:	<u>ERS</u>	<u>PFRS</u>
2014	\$128,442	\$36,750
2015	156,048	95,753
2016	172,727	52,789
2017	183,475	83,316
2018	179,334	83,928

## Other Post-Employment Benefits

The Village provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. Accounting rules now require governmental entities, such as the Village, to account for post-retirement health care benefits as its accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") described below requires such accounting.

**GASB 45 and OPEB.** OPEB refers to "other post-employment benefits," meaning benefits other than pension benefits. OPEB consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Before GASB 45, OPEB costs were generally accounted for and managed as current expenses in the year paid and were not reported as a liability on governmental financial statements.

GASB 45 requires municipalities and school districts to account for OPEB liabilities in the same manner as they already account for pension liabilities. It requires them to adopt 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 Statement No. 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

GASB 45 does not require that the unfunded liabilities actually be funded, only that the Village account for its unfunded accrued liability and compliance in meeting its Annual Required Contribution ("ARC"). Actuarial valuation will be required every two years for the Village.

Should the Village be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the Village's finances and could force the Village to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the Village to partially fund its actuarial accrued OPEB liability. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the Village has decided to continue funding the expenditure on a pay-as-you-go basis.

Actuarial Valuation will be required every two years for OPEB plans with more than two hundred members, or every three years if there are less than two hundred members. Additional information about GASB 45 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

## TAX INFORMATION

### Real Property Taxes

The Village derives its power to levy an ad valorem real property tax from the Constitution of the State. The Village's power to levy real property taxes, other than for debt service and certain other purposes, is limited by the State Constitution to two percent of the five-year average full valuation of taxable property of the Village (See "*Tax Limit*" herein). The State Office of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and real property taxing limitations.

## **Tax Collection Procedure**

Taxes are due June 1, payable without penalty to and including June 30. Penalties thereafter are imposed at an annual rate. In November the tax roll is returned to the County and taxes plus penalties are payable to the County Commissioner of Finance.

As far as the Village is concerned there are no uncollected taxes. Payment in full of all Village items is guaranteed by the County.

The following table sets forth the percentage of the Village's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2014 through 2018 and budgeted 2019.

<u>Fiscal Year</u> <u>Ending May 31:</u>	<u>Total</u> <u>Revenue</u>	<u>Property</u> <u>Taxes</u>	<u>Property</u> <u>Taxes to</u> <u>Revenues (%)</u>
2014	\$3,747,106	\$2,537,769	67.73
2015	3,942,422	2,641,204	66.99
2016	3,877,039	2,685,088	69.26
2017	3,970,417	2,691,968	67.80
2018	4,117,830	2,794,571	67.87
2019 (Budgeted)	4,638,771	2,854,650	61.54

## **Tax Increase Procedural Limitation Legislation**

Although the State Legislature is limited 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", the State Legislature may from time to time impose additional limitations on the ability to issue new indebtedness or to raise taxes therefor.

Chapter 97 of the Laws of 2011, as amended (the "Tax Levy Limit Law" or the "Law"), generally applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities to levy certain year-to-year increases in real property taxes.

The Village is subject to the Tax Levy Limit Law, beginning with the Village's budget for its fiscal year beginning June 1, 2012. Pursuant to the Tax Levy Limit Law, additional procedural requirements are imposed if a municipality seeks to increase the tax levy by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index, over the amount of the Village's prior year's tax levy (the "Tax Levy Increase Limit"). In the event the Village seeks to adopt a budget requiring a tax levy exceeding the Tax Levy Increase Limit, a favorable vote of at least three members of the five-member Village Board would be required. The Village Board would also be required to act by Local Law rather than simply by resolution, and a public hearing would be required.

The Law permits certain exceptions to the Tax Levy Increase Limit. The Village may levy taxes exceeding the Tax Levy Increase Limit, if necessary, to support the following expenditures: (i) funds needed to pay judgments arising out of tort actions that exceed five percent of the total tax levied by the Village in the prior fiscal year and (ii) required pension payments (but only that portion of such payments attributable to the average actuarial contribution rate exceeding two percentage points). Taxes necessary for these expenditures will not be included in the calculation of the Tax Levy Increase Limit.

The Law also provides for adjustments to be made to the Village's Tax Levy Increase Limit based upon changes in the assessed value of the taxable real property in the Village. Additionally, the Village will be permitted to carry forward a certain portion of its unused tax levy capacity from the prior year.

Notes or bonds of the Village issued prior to the June 24, 2011 effective date of the Tax Levy Limit Law are payable from real property taxes that can be levied as necessary without regard to any Constitutional or statutory limit. Inasmuch as the Law has no exclusion for principal and interest on notes and bonds, however, levies required to pay principal and interest on notes and bonds will be included in the calculation of the Tax Levy Increase Limit. In the absence of administrative or judicial guidance, and with a lack of any experience operating under the Law, the effect of the Law on the Village's finances and its ability to continue to levy taxes sufficient to both pay debt service on pre June 24, 2011 and post June 24, 2011 notes and bonds and meet its other governmental responsibilities is uncertain.

## Tax Limit

The Constitution limits the amount that may be raised by the Village ad valorem tax levy on real estate in any fiscal year to two per centum (2%) of the five-year average full valuation of taxable real estate of the Village plus (1) the amounts required for principal and interest on all capital indebtedness, and (2) current appropriations for certain capital purposes. The tax limit for the Village for the 2018-2019 fiscal year is as follows:

Five-year Average Full Valuation	\$265,122,289
Tax Limit - 2% thereof	5,302,446
Tax Levy for General Village Purposes	2,854,650
Less: Exclusions	<u>163,561</u>
Tax Levy Subject to Tax Limit	\$ 2,691,089
Constitutional Tax Margin	<u><u>\$ 2,611,357</u></u>

## Tax Levies and Rates

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Tax Levy	\$2,641,204	\$2,685,088	\$2,691,968	\$2,799,810	\$2,854,650
Taxes Rate per \$100 of Assessed Valuation	\$14.43	\$14.65	\$14.65	\$15.17	\$15.48

## Selected Listing of Large Taxable Properties 2018-2019 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Waterwheel Association LLC		\$2,215,100
Central Hudson Gas & Electric		2,011,094
Tower Kiisestribe Fields		1,972,500
9 Factory St LLC		1,011,600
Spring House Apartments LTD		990,000
CTL-USPS2 LLC		960,000
Nozawa Holdings LLC		934,700
F Brigs Development Corp		875,000
Spring House Apartments LTD		797,400
181 Boyd LLC		<u>539,600</u>
	Total <sup>a</sup>	<u><u>\$12,306,994</u></u>

a. Represents 6.68% of the total taxable assessed valuation for 2018-19.

## LITIGATION

In common with other villages, the Village from time to time receives notices of claim and is party to litigation. In the opinion of the Village, after consultation with the Village Attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the Village has not asserted a substantial and adequate defense, nor which, if determined against the Village, would have an adverse material effect on the financial conditions of the Village.



## **CYBERSECURITY**

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

## **RISK FACTORS**

**AND**

## **MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE**

The financial condition of the Village as well as the market price of and the market for the Bonds could be affected by a variety of factors, many of which are beyond the Village's control, including, for example: (i) certain adverse events in the domestic and world economy; (ii) a significant default or other financial crisis occurring in the affairs of the State or its agencies or political subdivisions; and (iii) a seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code. These events may affect the acceptability of obligations issued by borrowers within the State or the ability of the Village to arrange for additional borrowings. In addition, the market for and the market value of the Bonds could be adversely affected if the Village encountered real or perceived difficulty in marketing notes or bonds to pay principal on outstanding notes at maturity.

The Village is dependent in part on financial assistance from the State. If the State should experience 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, the Village may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State in order to make State aid payments to the Village. (See also "State Aid".)

The State's Annual Information Statement and other information about the State's finances are provided by the State Division of the Budget on its website.

## **DISCLOSURE UNDERTAKING**

The Bonds are less than \$1 million in principal amount and are exempt from continuing disclosure requirements under SEC Rule 15c2-12.

## **TAX MATTERS**

### **Tax Exemption**

The delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to Section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the Village made in a certificate (the "Tax Certificate") dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the Village with the provisions of the Tax Certificate subsequent to the issuance of the Bonds. The Tax Certificate contains covenants by the Village with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Village described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the Village as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the Village may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

In the opinion of Bond Counsel, under existing law interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Except as described above, Bond Counsel expresses no opinion with respect to any federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change so as to reduce or eliminate the benefit to holders of the Bonds of the exclusion of interest thereon from gross income for federal income tax purposes. Proposed legislative or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed changes in tax law.

#### **Tax Accounting Treatment of Discount and Premium on Certain Bonds**

The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income. Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds.

The purchase price of certain Bonds (the “Premium Bonds”) paid by an owner may be greater than the amount payable on such Bonds at maturity. An amount equal to the excess of a purchaser’s tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by a purchaser is determined by using such purchaser’s yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

### **Qualified Tax-Exempt Obligations for Financial Institutions**

Section 265 of the Code provides, in general, that interest expense to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner of such obligations. In addition, Section 265 of the Code generally disallows 100% of any deduction for interest expense which is incurred by “financial institutions” described in such Section and is allocable, as computed in such Section, to tax-exempt interest on obligations acquired after August 7, 1986. However, Section 265(b) of the Code provides that this interest disallowance rule for financial institutions does not apply to interest expense allocable to tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which are designated by an issuer as “qualified tax-exempt obligations.” An issuer may designate obligations as “qualified tax-exempt obligations” only if the amount of the issue of which they are a part, when added to the amount of all other tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) obligations and other than certain refunding bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed \$10,000,000.

The Village has designated the Bonds as “qualified tax-exempt obligations” and has certified its expectation that the above-described \$10,000,000 ceiling will not be exceeded. Accordingly, it is anticipated that financial institutions which purchase the Bonds will not be subject to the 100% disallowance of interest expense allocable to interest on the Bonds under Section 265(b) of the Code. However, the deduction for interest expense incurred by a financial institution which is allocable to the interest on the Bonds will be reduced by 20% pursuant to Section 291 of the Code.

### **LEGAL MATTERS**

The legality of the authorization and issuance of the Bonds will be covered by the unqualified legal opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel. Such legal opinion will be delivered in substantially the form attached hereto as “Appendix C”.

### **RATING**

The Bonds are not rated.

### **MUNICIPAL ADVISOR**

Munistat Services, Inc. (the “Municipal Advisor”), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the Village 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 Village and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Village or the information set forth in this Official Statement or any other information available to the Village with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

**ADDITIONAL INFORMATION**

Additional information may be obtained upon request from David Griffith, Village Treasurer, Village of Montgomery, 133 Clinton Street, Montgomery, New York 12549, telephone number (845) 457-9661 Ext. 205, Fax (845) 457-5698 and email: david.treasurer@villageofmontgomery.org or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888.

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

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

Except for its review of the descriptions of the terms of the Bonds and its approving legal opinion to be rendered on the Bonds as Bond Counsel to the Village, Norton Rose Fulbright US LLP, has not participated in the preparation of this Official Statement, nor verified the accuracy, completeness or fairness of the information contained herein, and accordingly, expresses no opinion with respect thereto.

The preparation and distribution of this Official Statement has been authorized by a resolution of the Village which delegates to the Treasurer the power to sell and issue the Bonds.

This Official Statement has been duly executed and delivered by the Treasurer of the Village of Montgomery, New York.

By: s/s DAVID GRIFFITH  
Village Treasurer  
Village of Montgomery  
Montgomery, New York

January , 2019

**APPENDIX A**

**FINANCIAL INFORMATION**

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Current Assets:</b>					
Cash and Cash Equivalents	\$ 1,095,829	\$ 1,123,438	\$ 1,094,094	\$ 1,003,591	\$ 1,111,258
Other Receivables	4,832	14,298	4,879	4,430	1,860
State and Federal Aid Receivables				45,000	45,000
Due from Other Funds			1,943	2,765	3,462
Prepaid Expenses					
Inventories					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Assets:	<u>\$ 1,100,661</u>	<u>\$ 1,137,736</u>	<u>\$ 1,100,916</u>	<u>\$ 1,055,786</u>	<u>\$ 1,161,580</u>
<b>Liabilities and Fund Equity:</b>					
Accounts Payable	\$ 90,636	\$ 63,798	\$ 42,212	\$ 4,966	\$ 82,258
Accrued Liabilities	61,772	90,173	40,697	59,218	71,363
Due to Other Funds					
Other Liabilities					1,945
Deferred Revenues					
Total Liabilities	<hr/> <u>152,408</u>	<hr/> <u>153,971</u>	<hr/> <u>82,909</u>	<hr/> <u>64,184</u>	<hr/> <u>155,566</u>
<b>Deferred Inflows of Resources:</b>					
Deferred Inflows	51,138	91,139	82,458	85,602	104,503
<b>Equity:</b>					
Assigned	390,000	400,000	562,000	529,000	595,000
Restricted Fund Balance					
Non-Spendable Fund Balance					
Unassigned Fund Balance	<hr/> <u>507,115</u>	<hr/> <u>492,626</u>	<hr/> <u>373,549</u>	<hr/> <u>377,000</u>	<hr/> <u>306,511</u>
Total Equity	<hr/> <u>897,115</u>	<hr/> <u>892,626</u>	<hr/> <u>935,549</u>	<hr/> <u>906,000</u>	<hr/> <u>901,511</u>
Total Liabilities and Fund Equity	<u>\$ 1,100,661</u>	<u>\$ 1,137,736</u>	<u>\$ 1,100,916</u>	<u>\$ 1,055,786</u>	<u>\$ 1,161,580</u>

Source: Annual Financial Report Update Document (2014-2018)

NOTE: This Schedule NOT audited

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

Fiscal Year Ending May 31:

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Revenues:</b>					
Real Property Taxes	\$ 2,537,769	\$ 2,641,204	\$ 2,685,088	\$ 2,691,968	\$ 2,794,571
Real Property Tax Items	45,788	45,120	44,908	46,936	48,610
Non-Property Tax Items	675,112	682,756	682,147	703,371	734,644
Departmental Income	201,822	184,683	217,292	255,778	252,700
Intergovernmental Charges	18,000	18,000	18,000	21,000	21,985
Use of Money & Property	33,241	32,424	37,675	34,175	29,585
Licenses & Permits	11,762	8,684	11,546	12,001	12,601
Fines & Forfeitures	118,366	79,727	50,807	43,863	46,768
Sale of Prop & Comp for Loss	10,289	52,650	3,981	2,817	27,973
Miscellaneous	45,012	45,017	21,435	11,378	8,134
State Aid	49,945	152,157	104,160	147,130	140,259
<b>Total Revenues</b>	<b>\$ 3,747,106</b>	<b>\$ 3,942,422</b>	<b>\$ 3,877,039</b>	<b>\$ 3,970,417</b>	<b>\$ 4,117,830</b>
<b>Expenditures:</b>					
General Government Support	\$ 679,983	\$ 719,237	\$ 709,829	\$ 709,908	\$ 732,647
Public Safety	862,966	644,875	759,198	791,483	836,054
Health	11,931	15,356	16,682	17,360	11,627
Transportation	604,091	746,369	684,776	710,090	752,740
Culture and Recreation	342,063	392,169	350,646	385,074	370,609
Home and Community Services	309,058	330,995	332,775	345,830	318,856
Employee Benefits	751,322	876,276	854,228	919,490	950,774
Debt Service	160,582	221,634	125,982	120,731	140,750
<b>Total Expenditures</b>	<b>\$ 3,721,996</b>	<b>\$ 3,946,911</b>	<b>\$ 3,834,116</b>	<b>\$ 3,999,966</b>	<b>\$ 4,122,409</b>
Excess (Deficiency) of Revenues over Expenditures	25,110	(4,489)	42,923	(29,549)	(4,579)
<b>Other Financing Sources (Uses):</b>					
Interfund Transfers					90
Bond Proceeds					
Transfers Out					
<b>Total Other Financing Sources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>90</b>
Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources	25,110	(4,489)	42,923	(29,549)	(4,489)
Fund Balance Beginning of Year	872,005	897,115	892,626	935,549	906,000
Fund Balance End of Year	<b>\$ 897,115</b>	<b>\$ 892,626</b>	<b>\$ 935,549</b>	<b>\$ 906,000</b>	<b>\$ 901,517</b>

Sources: Annual Financial Report Update Document (2014-2018)

NOTE: This Schedule NOT audited

## BUDGET SUMMARIES

### Summary of Budget Funds Fiscal Year 2017-2018

	<u>General Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Total Funds	\$ 4,489,140	\$ 385,925	\$ 544,275	\$ 5,419,340
Less:				
Estimated Revenues	\$ 1,160,330	\$ 265,925	\$ 424,275	\$ 1,850,530
Appropriated Cash Surplus	\$ 529,000	\$ 120,000	\$ 120,000	\$ 769,000
Total Funds Available	<u>\$ 1,689,330</u>	<u>\$ 385,925</u>	<u>\$ 544,275</u>	<u>\$ 2,619,530</u>
Balance to be raised by Tax Levy	<u>\$ 2,799,810</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,799,810</u>

### Summary of Budget Funds Fiscal Year 2018-2019

	<u>General Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Total Funds	\$ 4,638,771	\$ 404,379	\$ 544,275	\$ 5,587,425
Less:				
Estimated Revenues	\$ 1,189,121	\$ 266,382	\$ 424,275	\$ 1,879,778
Appropriated Cash Surplus	\$ 595,000	\$ 137,997	\$ 120,000	\$ 852,997
Total Funds Available	<u>\$ 1,784,121</u>	<u>\$ 404,379</u>	<u>\$ 544,275</u>	<u>\$ 2,732,775</u>
Balance to be raised by Tax Levy	<u>\$ 2,854,650</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,854,650</u>

Source: Adopted Budgets of the Village



**VILLAGE OF MONTGOMERY**

**APPENDIX B**

**ANNUAL FINANCIAL REPORT UPDATE DOCUMENT  
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

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

All Numbers in This Report  
Have Been Rounded To  
The Nearest Dollar

ANNUAL FINANCIAL REPORT  
UPDATE DOCUMENT  
For The  
VILLAGE of Montgomery  
County of Orange  
For the Fiscal Year Ended 05/31/2018

\*\*\*\*\*

AUTHORIZATION

ARTICLE 3, SECTION 30 of the GENERAL MUNICIPAL LAW:

1. \*\*\*Every Municipal Corporation \*\*\* shall annually make a report of its financial condition to the Comptroller. Such report shall be made by the Chief Fiscal Officer of such Municipal Corporation \*\*\*

5. All reports shall be certified by the officer making the same and shall be filed with the Comptroller \*\*\* It shall be the duty of the incumbent officer at the time such reports are required to be filed with the Comptroller to file such report \*\*\*

State of NEW YORK  
Office of The State Comptroller  
Division of Local Government and School Accountability  
Albany, New York 12236

VILLAGE OF Montgomery

\*\*\* FINANCIAL SECTION \*\*\*

Financial Information for the following funds and account groups are included in the Annual Financial Report filed by your government for the fiscal year ended 2017 and has been used by the OSC as the basis for preparing this update document for the fiscal year ended 2018:

- (A) GENERAL
- (CD) SPECIAL GRANT
- (FX) WATER
- (G) SEWER
- (H) CAPITAL PROJECTS
- (K) GENERAL FIXED ASSETS
- (TA) AGENCY
- (W) GENERAL LONG-TERM DEBT

All amounts included in this update document for 2017 represent data filed by your government with OSC as reviewed and adjusted where necessary.

\*\*\* SUPPLEMENTAL SECTION \*\*\*

The Supplemental Section includes the following sections:

- 1) Statement of Indebtedness
- 2) Schedule of Time Deposits and Investments
- 3) Bank Reconciliation
- 4) Local Government Questionnaire
- 5) Schedule of Employee and Retiree Benefits
- 6) Schedule of Energy Costs and Consumption

All numbers in this report will be rounded to the nearest dollar.

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(A) GENERAL

Balance Sheet

Code Description	2017	EdpCode	2018
<b>Assets</b>			
Cash	1,003,366	A200	1,111,033
Petty Cash	225	A210	225
<b>TOTAL Cash</b>	<b>1,003,591</b>		<b>1,111,258</b>
Accounts Receivable	4,430	A380	1,860
<b>TOTAL Other Receivables (net)</b>	<b>4,430</b>		<b>1,860</b>
Due From State And Federal Government	45,000	A410	45,000
<b>TOTAL State And Federal Aid Receivables</b>	<b>45,000</b>		<b>45,000</b>
Due From Other Funds	2,765	A391	3,462
<b>TOTAL Due From Other Funds</b>	<b>2,765</b>		<b>3,462</b>
<b>TOTAL Assets and Deferred Outflows of Resources</b>	<b>1,055,786</b>		<b>1,161,580</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(A) GENERAL

Balance Sheet

Code Description	2017	EdpCode	2018
Accounts Payable	4,966	A600	82,258
<b>TOTAL Accounts Payable</b>	<b>4,966</b>		<b>82,258</b>
Accrued Liabilities	59,218	A601	71,363
<b>TOTAL Accrued Liabilities</b>	<b>59,218</b>		<b>71,363</b>
Overpayments & Clearing Account		A690	1,945
<b>TOTAL Other Liabilities</b>	<b>0</b>		<b>1,945</b>
<b>TOTAL Liabilities</b>	<b>64,184</b>		<b>155,566</b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflow of Resources	85,602	A691	104,503
<b>TOTAL Deferred Inflows of Resources</b>	<b>85,602</b>		<b>104,503</b>
<b>TOTAL Deferred Inflows of Resources</b>	<b>85,602</b>		<b>104,503</b>
<b>Fund Balance</b>			
Assigned Appropriated Fund Balance	529,000	A914	595,000
<b>TOTAL Assigned Fund Balance</b>	<b>529,000</b>		<b>595,000</b>
Unassigned Fund Balance	377,000	A917	306,511
<b>TOTAL Unassigned Fund Balance</b>	<b>377,000</b>		<b>306,511</b>
<b>TOTAL Fund Balance</b>	<b>906,000</b>		<b>901,511</b>
<b>TOTAL Liabilities, Deferred Inflows And Fund Balance</b>	<b>1,055,786</b>		<b>1,161,580</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(A) GENERAL

Results of Operation

Code Description	2017	EdpCode	2018
<b>Revenues</b>			
Real Property Taxes	2,691,968	A1001	2,794,571
<b>TOTAL Real Property Taxes</b>	<b>2,691,968</b>		<b>2,794,571</b>
Other Payments In Lieu of Taxes	29,952	A1081	29,952
Other Tax Items	1,690	A1089	5,239
Interest & Penalties On Real Prop Taxes	15,294	A1090	13,419
<b>TOTAL Real Property Tax Items</b>	<b>46,936</b>		<b>48,610</b>
Non Prop Tax Dist By County	597,485	A1120	623,708
Utilities Gross Receipts Tax	33,499	A1130	37,431
Franchises	72,387	A1170	73,505
<b>TOTAL Non Property Tax Items</b>	<b>703,371</b>		<b>734,644</b>
Police Fees	267	A1520	195
Other Public Safety Departmental Income	7,200	A1589	8,300
Vital Statistics Fees	680	A1603	430
Public Works Charges	600	A1710	840
Park And Recreational Charges	4,895	A2001	10,328
Recreational Concessions	54,895	A2012	55,161
Other Culture & Recreation Income	167,811	A2089	155,819
Zoning Fees	925	A2110	275
Planning Board Fees	13,967	A2115	16,027
Refuse & Garbage Charges	4,538	A2130	5,325
<b>TOTAL Departmental Income</b>	<b>255,778</b>		<b>252,700</b>
Youth Recreation Services, Other Govts	21,000	A2350	21,985
<b>TOTAL Intergovernmental Charges</b>	<b>21,000</b>		<b>21,985</b>
Interest And Earnings	1,156	A2401	1,184
Rental of Real Property	33,019	A2410	28,401
<b>TOTAL Use of Money And Property</b>	<b>34,175</b>		<b>29,585</b>
Building And Alteration Permits	11,796	A2555	12,376
Permits, Other	205	A2590	225
<b>TOTAL Licenses And Permits</b>	<b>12,001</b>		<b>12,601</b>
Fines And Forfeited Bail	43,863	A2610	46,768
<b>TOTAL Fines And Forfeitures</b>	<b>43,863</b>		<b>46,768</b>
Sales of Scrap & Excess Materials	1,311	A2650	1,885
Sales, Other	1,506	A2655	1,407
Insurance Recoveries		A2680	24,681
<b>TOTAL Sale of Property And Compensation For Loss</b>	<b>2,817</b>		<b>27,973</b>
Gifts And Donations	7,980	A2705	7,000
Unclassified (specify)	3,398	A2770	1,134
<b>TOTAL Miscellaneous Local Sources</b>	<b>11,378</b>		<b>8,134</b>
St Aid, Revenue Sharing	14,162	A3001	14,162
St Aid, Mortgage Tax	58,632	A3005	43,758
St Aid - Other (specify)	19,991	A3089	28,363
St Aid, Other Public Safety	4,070	A3389	3,671
St Aid, Consolidated Highway Aid	46,000	A3501	46,045

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(A) GENERAL

Results of Operation

Code Description	2017	EdpCode	2018
<b>Revenues</b>			
St Aid, Youth Programs	4,275	A3820	4,260
<b>TOTAL State Aid</b>	<b>147,130</b>		<b>140,259</b>
<b>TOTAL Revenues</b>	<b>3,970,417</b>		<b>4,117,830</b>
Interfund Transfers		A5031	90
<b>TOTAL Interfund Transfers</b>	<b>0</b>		<b>90</b>
<b>TOTAL Other Sources</b>	<b>0</b>		<b>90</b>
<b>TOTAL Detail Revenues And Other Sources</b>	<b>3,970,417</b>		<b>4,117,920</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(A) GENERAL

Results of Operation

Code Description	2017	EdpCode	2018
<b>Expenditures</b>			
Legislative Board, Pers Serv	38,453	A10101	38,061
Legislative Board, Contr Expend	9,232	A10104	7,540
<b>TOTAL Legislative Board</b>	<b>47,685</b>		<b>45,601</b>
Municipal Court, Pers Serv	85,565	A11101	98,728
Municipal Court, Equip & Cap Outlay	3,670	A11102	10,622
Municipal Court, Contr Expend	15,061	A11104	11,485
<b>TOTAL Municipal Court</b>	<b>104,296</b>		<b>120,835</b>
Mayor, Pers Serv	12,240	A12101	12,240
Mayor, Contr Expend	12,630	A12104	15,151
<b>TOTAL Mayor</b>	<b>24,870</b>		<b>27,391</b>
Auditor, Contr Expend	2,100	A13204	2,875
<b>TOTAL Auditor</b>	<b>2,100</b>		<b>2,875</b>
Treasurer, Pers Serv	44,250	A13251	49,411
Treasurer, Contr Expend	44,863	A13254	44,100
<b>TOTAL Treasurer</b>	<b>89,113</b>		<b>93,511</b>
Clerk,pers Serv	90,713	A14101	94,850
Clerk,equip & Cap Outlay		A14102	270
Clerk,contr Expend	13,979	A14104	11,044
<b>TOTAL Clerk</b>	<b>104,692</b>		<b>106,164</b>
Law, Contr Expend	53,435	A14204	48,638
<b>TOTAL Law</b>	<b>53,435</b>		<b>48,638</b>
Engineer, Contr Expend	53,157	A14404	60,768
<b>TOTAL Engineer</b>	<b>53,157</b>		<b>60,768</b>
Elections, Contr Expend	3,466	A14504	3,452
<b>TOTAL Elections</b>	<b>3,466</b>		<b>3,452</b>
Board of Ethics, Pers Serv	526	A14701	365
<b>TOTAL Board of Ethics</b>	<b>526</b>		<b>365</b>
Buildings, Pers Serv	48,796	A16201	49,647
Buildings, Equip & Cap Outlay		A16202	33
Buildings, Contr Expend	103,333	A16204	90,332
<b>TOTAL Buildings</b>	<b>152,129</b>		<b>140,012</b>
Unallocated Insurance, Contr Expend	69,288	A19104	77,812
<b>TOTAL Unallocated Insurance</b>	<b>69,288</b>		<b>77,812</b>
Municipal Assn Dues, Contr Expend	2,249	A19204	2,159
<b>TOTAL Municipal Assn Dues</b>	<b>2,249</b>		<b>2,159</b>
Payment of Mta Payroll Tax,contr Expend	2,902	A19804	3,064
<b>TOTAL Payment of Mta Payroll Tax</b>	<b>2,902</b>		<b>3,064</b>
<b>TOTAL General Government Support</b>	<b>709,908</b>		<b>732,647</b>
Police, Pers Serv	588,572	A31201	622,410
Police, Equip & Cap Outlay	29,505	A31202	32,129
Police, Contr Expend	123,717	A31204	133,438
<b>TOTAL Police</b>	<b>741,794</b>		<b>787,977</b>
Safety Inspection, Pers Serv	33,878	A36201	30,295
Safety Inspection, Equip & Cap Outlay		A36202	350



VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(A) GENERAL

Results of Operation

Code Description	2017	EdpCode	2018
<b>Expenditures</b>			
Safety Inspection, Contr Expend	15,811	A36204	17,432
<b>TOTAL Safety Inspection</b>	<b>49,689</b>		<b>48,077</b>
<b>TOTAL Public Safety</b>	<b>791,483</b>		<b>836,054</b>
Registrar of Vital Stat Contr Expend	730	A40204	610
<b>TOTAL Registrar of Vital Stat Contr Expend</b>	<b>730</b>		<b>610</b>
Narcotic Guid Council, Pers Serv	10,348	A42101	5,236
Narcotic Guid Council, Contr Expend	6,282	A42104	5,781
<b>TOTAL Narcotic Guid Council</b>	<b>16,630</b>		<b>11,017</b>
<b>TOTAL Health</b>	<b>17,360</b>		<b>11,627</b>
Maint of Streets, Pers Serv	430,905	A51101	428,251
Maint of Streets, Equip & Cap Outlay	900	A51102	7,540
Maint of Streets, Contr Expend	169,795	A51104	190,452
<b>TOTAL Maint of Streets</b>	<b>601,600</b>		<b>626,243</b>
Snow Removal, Pers Serv	15,252	A51421	16,534
Snow Removal, Equip & Cap Outlay		A51422	
Snow Removal, Contr Expend	38,873	A51424	40,944
<b>TOTAL Snow Removal</b>	<b>54,125</b>		<b>57,478</b>
Street Lighting, Equip & Cap Outlay		A51822	1,576
Street Lighting, Contr Expend	50,123	A51824	51,202
<b>TOTAL Street Lighting</b>	<b>50,123</b>		<b>52,778</b>
Sidewalks, Pers Serv		A54101	1,520
Sidewalks, Contr Expend	4,242	A54104	14,721
<b>TOTAL Sidewalks</b>	<b>4,242</b>		<b>16,241</b>
<b>TOTAL Transportation</b>	<b>710,090</b>		<b>752,740</b>
Playgr & Rec Centers, Pers Serv	43,613	A71401	42,716
Playgr & Rec Centers, Equip & Cap Outlay		A71402	232
Playgr & Rec Centers, Contr Expend	34,822	A71404	19,907
<b>TOTAL Playgr &amp; Rec Centers</b>	<b>78,435</b>		<b>62,855</b>
Band Concerts, Contr Expend	9,781	A72704	11,486
<b>TOTAL Band Concerts</b>	<b>9,781</b>		<b>11,486</b>
Youth Prog, Pers Serv	119,802	A73101	123,048
Youth Prog, Contr Expend	27,309	A73104	28,802
<b>TOTAL Youth Prog</b>	<b>147,111</b>		<b>151,850</b>
Joint Youth Prog, Pers Serv	13,650	A73201	8,983
Joint Youth Prog, Contr Expend	16,037	A73204	9,028
<b>TOTAL Joint Youth Prog</b>	<b>29,687</b>		<b>18,011</b>
Library, Contr Expend	25,000	A74104	25,000
<b>TOTAL Library</b>	<b>25,000</b>		<b>25,000</b>
Historian, Pers Serv	4,847	A75101	4,847
Historian, Contr Expend	722	A75104	641
<b>TOTAL Historian</b>	<b>5,569</b>		<b>5,488</b>
Historical Property, Contr Expend	1,000	A75204	1,000
<b>TOTAL Historical Property</b>	<b>1,000</b>		<b>1,000</b>
Celebrations, Pers Serv	18,790	A75501	18,055

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(A) GENERAL

Results of Operation

Code Description	2017	EdpCode	2018
<b>Expenditures</b>			
Celebrations, Contr Expend	35,748	A75504	38,107
<b>TOTAL Celebrations</b>	<b>54,538</b>		<b>56,162</b>
Programs For Aging, Pers Serv	13,745	A76101	14,748
Programs For Aging, Contr Expend	20,208	A76104	24,009
<b>TOTAL Programs For Aging</b>	<b>33,953</b>		<b>38,757</b>
<b>TOTAL Culture And Recreation</b>	<b>385,074</b>		<b>370,609</b>
Zoning, Pers Serv	4,608	A80101	3,935
Zoning, Contr Expend	328	A80104	200
<b>TOTAL Zoning</b>	<b>4,936</b>		<b>4,135</b>
Planning, Pers Serv	9,185	A80201	9,233
Planning, Contr Expend	1,867	A80204	1,996
<b>TOTAL Planning</b>	<b>11,052</b>		<b>11,229</b>
Research, Pers Serv	4,477	A80301	3,351
Research, Contr Expend		A80304	600
<b>TOTAL Research</b>	<b>4,477</b>		<b>3,951</b>
Refuse & Garbage, Pers Serv	142,148	A81601	151,669
Refuse & Garbage, Equip & Cap Outlay	30,000	A81602	234
Refuse & Garbage, Contr Expend	151,517	A81604	142,588
<b>TOTAL Refuse &amp; Garbage</b>	<b>323,665</b>		<b>294,491</b>
Shade Tree, Contr Expend	1,700	A85604	5,050
<b>TOTAL Shade Tree</b>	<b>1,700</b>		<b>5,050</b>
<b>TOTAL Home And Community Services</b>	<b>345,830</b>		<b>318,856</b>
State Retirement System	185,638	A90108	183,475
Police & Firemen Retirement, Empl Bnfts	86,328	A90158	83,316
Social Security, Employer Cont	133,445	A90308	127,783
Worker's Compensation, Empl Bnfts	109,446	A90408	109,231
Unemployment Insurance, Empl Bnfts	11	A90508	
Disability Insurance, Empl Bnfts	2,136	A90558	3,216
Hospital & Medical (dental) Ins, Empl Bnft	373,579	A90608	413,484
Other Employee Benefits (spec)	28,907	A90898	30,269
<b>TOTAL Employee Benefits</b>	<b>919,490</b>		<b>950,774</b>
Debt Principal, Serial Bonds	36,750	A97106	36,750
Debt Principal, Bond Anticipation Notes	75,000	A97306	104,000
<b>TOTAL Debt Principal</b>	<b>111,750</b>		<b>140,750</b>
Debt Interest, Serial Bonds	6,979	A97107	4,915
Debt Interest, Bond Anticipation Notes	2,002	A97307	3,437
<b>TOTAL Debt Interest</b>	<b>8,981</b>		<b>8,352</b>
<b>TOTAL Expenditures</b>	<b>3,999,966</b>		<b>4,122,409</b>
<b>TOTAL Detail Expenditures And Other Uses</b>	<b>3,999,966</b>		<b>4,122,409</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(A) GENERAL

**Analysis of Changes in Fund Balance**

Code Description	2017	EdpCode	2018
<b>Analysis of Changes in Fund Balance</b>			
<b>Fund Balance - Beginning of Year</b>	<b>935,549</b>	<b>A8021</b>	<b>906,000</b>
<b>Restated Fund Balance - Beg of Year</b>	<b>935,549</b>	<b>A8022</b>	<b>906,000</b>
ADD - REVENUES AND OTHER SOURCES	3,970,417		4,117,920
DEDUCT - EXPENDITURES AND OTHER USES	3,999,966		4,122,409
<b>Fund Balance - End of Year</b>	<b>906,000</b>	<b>A8029</b>	<b>901,511</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(A) GENERAL

Budget Summary

Code Description	2018	EdpCode	2019
<b>Estimated Revenues</b>			
Est Rev - Real Property Taxes	2,799,810	A1049N	2,854,650
Est Rev - Real Property Tax Items	45,691	A1099N	40,452
Est Rev - Non Property Tax Items	702,000	A1199N	702,000
Est Rev - Departmental Income	216,945	A1299N	248,000
Est Rev - Intergovernmental Charges	21,000	A2399N	21,000
Est Rev - Use of Money And Property	37,000	A2499N	37,000
Est Rev - Licenses And Permits	7,000	A2599N	8,000
Est Rev - Fines And Forfeitures	34,000	A2649N	
Est Rev - Sale of Prop And Comp For Loss	2,250	A2699N	36,000
Est Rev - State Aid	94,444	A3099N	96,669
<b>TOTAL Estimated Revenues</b>	<b>3,960,140</b>		<b>4,043,771</b>
Appropriated Fund Balance	529,000	A599N	595,000
<b>TOTAL Estimated Other Sources</b>	<b>529,000</b>		<b>595,000</b>
<b>TOTAL Estimated Revenues And Other Sources</b>	<b>4,489,140</b>		<b>4,638,771</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(A) GENERAL

Budget Summary

Code Description	2018	EdpCode	2019
<b>Appropriations</b>			
App - General Government Support	814,345	A1999N	820,291
App - Public Safety	922,328	A3999N	996,183
App - Health	15,350	A4999N	15,525
App - Transportation	828,037	A5999N	862,103
App - Culture And Recreation	377,298	A7999N	408,687
App - Home And Community Services	381,835	A8999N	383,524
App - Employee Benefits	1,000,089	A9199N	1,032,266
App - Debt Service	149,858	A9899N	120,192
<b>TOTAL Appropriations</b>	<b>4,489,140</b>		<b>4,638,771</b>
<b>TOTAL Appropriations And Other Uses</b>	<b>4,489,140</b>		<b>4,638,771</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(CD) SPECIAL GRANT

Balance Sheet

Code Description	2017	EdpCode	2018
<b>Assets</b>			
Cash	1	CD200	1
<b>TOTAL Cash</b>	<b>1</b>		<b>1</b>
<b>TOTAL Assets and Deferred Outflows of Resources</b>	<b>1</b>		<b>1</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(CD) SPECIAL GRANT

Balance Sheet

Code Description	2017	EdpCode	2018
Bond Anticipation Notes Payable		CD626	125,000
<b>TOTAL Notes Payable</b>	<b>0</b>		<b>125,000</b>
<b>TOTAL Liabilities</b>	<b>0</b>		<b>125,000</b>
<b>Fund Balance</b>			
Committed Fund Balance	1	CD913	-124,999
<b>TOTAL Committed Fund Balance</b>	<b>1</b>		<b>-124,999</b>
<b>TOTAL Fund Balance</b>	<b>1</b>		<b>-124,999</b>
<b>TOTAL Liabilities, Deferred Inflows And Fund Balance</b>	<b>1</b>		<b>1</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(CD) SPECIAL GRANT

Results of Operation

Code Description	2017	EdpCode	2018
<b>Revenues</b>			
Fed Aid, Community Development Act	145,000	CD4910	150,000
<b>TOTAL Federal Aid</b>	<b>145,000</b>		<b>150,000</b>
<b>TOTAL Revenues</b>	<b>145,000</b>		<b>150,000</b>
Interfund Transfers	77,317	CD5031	
<b>TOTAL Interfund Transfers</b>	<b>77,317</b>		<b>0</b>
<b>TOTAL Other Sources</b>	<b>77,317</b>		<b>0</b>
<b>TOTAL Detail Revenues And Other Sources</b>	<b>222,317</b>		<b>150,000</b>



VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(CD) SPECIAL GRANT

Results of Operation

Code Description	2017	EdpCode	2018
<b>Expenditures</b>			
Public Works Fac Site, Equip & Cap	222,317	CD86622	275,000
<b>TOTAL Public Works Fac Site</b>	<b>222,317</b>		<b>275,000</b>
<b>TOTAL Home And Community Services</b>	<b>222,317</b>		<b>275,000</b>
<b>TOTAL Expenditures</b>	<b>222,317</b>		<b>275,000</b>
<b>TOTAL Detail Expenditures And Other Uses</b>	<b>222,317</b>		<b>275,000</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(CD) SPECIAL GRANT

**Analysis of Changes in Fund Balance**

Code Description	2017	EdpCode	2018
<b>Analysis of Changes in Fund Balance</b>			
<b>Fund Balance - Beginning of Year</b>	1	<b>CD8021</b>	1
<b>Restated Fund Balance - Beg of Year</b>	1	<b>CD8022</b>	1
ADD - REVENUES AND OTHER SOURCES	222,317		150,000
DEDUCT - EXPENDITURES AND OTHER USES	222,317		275,000
<b>Fund Balance - End of Year</b>	1	<b>CD8029</b>	<b>-124,999</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(FX) WATER

Balance Sheet

Code Description	2017	EdpCode	2018
<b>Assets</b>			
Cash	245,586	FX200	264,241
<b>TOTAL Cash</b>	<b>245,586</b>		<b>264,241</b>
Water Rents Receivable	37,042	FX350	40,946
<b>TOTAL Other Receivables (net)</b>	<b>37,042</b>		<b>40,946</b>
Cash Special Reserves	77,848	FX230	78,312
<b>TOTAL Restricted Assets</b>	<b>77,848</b>		<b>78,312</b>
<b>TOTAL Assets and Deferred Outflows of Resources</b>	<b>360,476</b>		<b>383,499</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(FX) WATER

Balance Sheet

Code Description	2017	EdpCode	2018
Accounts Payable	30	FX600	4,935
<b>TOTAL Accounts Payable</b>	<b>30</b>		<b>4,935</b>
Accrued Liabilities	3,060	FX601	3,106
<b>TOTAL Accrued Liabilities</b>	<b>3,060</b>		<b>3,106</b>
Due To Other Funds	1,674	FX630	2,000
<b>TOTAL Due To Other Funds</b>	<b>1,674</b>		<b>2,000</b>
<b>TOTAL Liabilities</b>	<b>4,764</b>		<b>10,041</b>
<b>Fund Balance</b>			
Reserve For Repairs	77,848	FX882	78,312
<b>TOTAL Restricted Fund Balance</b>	<b>77,848</b>		<b>78,312</b>
Assigned Appropriated Fund Balance	120,000	FX914	137,997
Assigned Unappropriated Fund Balance	157,864	FX915	157,149
<b>TOTAL Assigned Fund Balance</b>	<b>277,864</b>		<b>295,146</b>
<b>TOTAL Fund Balance</b>	<b>355,712</b>		<b>373,458</b>
<b>TOTAL Liabilities, Deferred Inflows And Fund Balance</b>	<b>360,476</b>		<b>383,499</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(FX) WATER

Results of Operation

Code Description	2017	EdpCode	2018
<b>Revenues</b>			
Metered Water Sales	254,703	FX2140	258,208
Water Service Charges	400	FX2144	520
Interest & Penalties On Water Rents	3,045	FX2148	6,218
<b>TOTAL Departmental Income</b>	<b>258,148</b>		<b>264,946</b>
Service For Other Govts	3,697	FX2378	1,653
<b>TOTAL Intergovernmental Charges</b>	<b>3,697</b>		<b>1,653</b>
Interest And Earnings	826	FX2401	638
<b>TOTAL Use of Money And Property</b>	<b>826</b>		<b>638</b>
Sales of Equipment	261	FX2665	809
Insurance Recoveries	1,140	FX2680	
<b>TOTAL Sale of Property And Compensation For Loss</b>	<b>1,401</b>		<b>809</b>
Unclassified (specify)	27	FX2770	13
<b>TOTAL Miscellaneous Local Sources</b>	<b>27</b>		<b>13</b>
<b>TOTAL Revenues</b>	<b>264,099</b>		<b>268,059</b>
<b>TOTAL Detail Revenues And Other Sources</b>	<b>264,099</b>		<b>268,059</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(FX) WATER

Results of Operation

Code Description	2017	EdpCode	2018
<b>Expenditures</b>			
Water Administration, Pers Serv	83,520	FX83101	88,837
Water Administration, Equip & Cap Outlay	4,348	FX83102	6,894
Water Administration, Contr Expend	20,999	FX83104	24,129
<b>TOTAL Water Administration</b>	<b>108,867</b>		<b>119,860</b>
Source Supply Pwr & Pump, Contr Expend	32,910	FX83204	38,795
<b>TOTAL Source Supply Pwr &amp; Pump</b>	<b>32,910</b>		<b>38,795</b>
Water Purification, Contr Expend	12,485	FX83304	9,404
<b>TOTAL Water Purification</b>	<b>12,485</b>		<b>9,404</b>
Water Trans & Distrib, Contr Expend	27,171	FX83404	27,158
<b>TOTAL Water Trans &amp; Distrib</b>	<b>27,171</b>		<b>27,158</b>
<b>TOTAL Home And Community Services</b>	<b>181,433</b>		<b>195,217</b>
Social Security, Empl Bnfts	5,325	FX90308	5,543
<b>TOTAL Employee Benefits</b>	<b>5,325</b>		<b>5,543</b>
Debt Principal, Installment Bonds	26,500	FX97206	26,500
Debt Principal, Bond Anticipation Notes	15,000	FX97306	15,000
<b>TOTAL Debt Principal</b>	<b>41,500</b>		<b>41,500</b>
Debt Interest, Installment Bonds	8,371	FX97207	7,727
Debt Interest, Bond Anticipation Notes	489	FX97307	326
<b>TOTAL Debt Interest</b>	<b>8,860</b>		<b>8,053</b>
<b>TOTAL Expenditures</b>	<b>237,118</b>		<b>250,313</b>
Transfers, Other Funds	77,317	FX99019	
<b>TOTAL Operating Transfers</b>	<b>77,317</b>		<b>0</b>
<b>TOTAL Other Uses</b>	<b>77,317</b>		<b>0</b>
<b>TOTAL Detail Expenditures And Other Uses</b>	<b>314,435</b>		<b>250,313</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(FX) WATER

**Analysis of Changes in Fund Balance**

Code Description	2017	EdpCode	2018
<b>Analysis of Changes in Fund Balance</b>			
<b>Fund Balance - Beginning of Year</b>	<b>406,048</b>	<b>FX8021</b>	<b>355,712</b>
<b>Restated Fund Balance - Beg of Year</b>	<b>406,048</b>	<b>FX8022</b>	<b>355,712</b>
ADD - REVENUES AND OTHER SOURCES	264,099		268,059
DEDUCT - EXPENDITURES AND OTHER USES	314,435		250,313
<b>Fund Balance - End of Year</b>	<b>355,712</b>	<b>FX8029</b>	<b>373,458</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(FX) WATER

Budget Summary

Code Description	2018	EdpCode	2019
<b>Estimated Revenues</b>			
Est Rev - Departmental Income	255,150	FX1299N	255,150
Est Rev - Intergovernmental Charges	10,600	FX2399N	10,600
Est Rev - Use of Money And Property	175	FX2499N	632
<b>TOTAL Estimated Revenues</b>	<b>265,925</b>		<b>266,382</b>
Appropriated Fund Balance	120,000	FX599N	137,997
<b>TOTAL Estimated Other Sources</b>	<b>120,000</b>		<b>137,997</b>
<b>TOTAL Estimated Revenues And Other Sources</b>	<b>385,925</b>		<b>404,379</b>



VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(FX) WATER

Budget Summary

Code Description	2018	EdpCode	2019
<b>Appropriations</b>			
App - General Government Support	5,747	FX1999N	352
App - Home And Community Services	322,558	FX8999N	325,878
App - Employee Benefits	8,021	FX9199N	7,917
App - Debt Service	49,599	FX9899N	60,232
<b>TOTAL Appropriations</b>	<b>385,925</b>		<b>394,379</b>
App - Interfund Transfer		FX9999N	10,000
<b>TOTAL Other Uses</b>	<b>0</b>		<b>10,000</b>
<b>TOTAL Appropriations And Other Uses</b>	<b>385,925</b>		<b>404,379</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(G) SEWER

Balance Sheet

Code Description	2017	EdpCode	2018
<b>Assets</b>			
Cash	255,716	G200	344,497
<b>TOTAL Cash</b>	<b>255,716</b>		<b>344,497</b>
Sewer Rents Receivable	61,228	G360	66,923
<b>TOTAL Other Receivables (net)</b>	<b>61,228</b>		<b>66,923</b>
Cash Special Reserves	54,191	G230	54,250
<b>TOTAL Restricted Assets</b>	<b>54,191</b>		<b>54,250</b>
<b>TOTAL Assets and Deferred Outflows of Resources</b>	<b>371,135</b>		<b>465,670</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(G) SEWER

Balance Sheet

Code Description	2017	EdpCode	2018
Accounts Payable		G600	23,207
<b>TOTAL Accounts Payable</b>	<b>0</b>		<b>23,207</b>
Accrued Liabilities	2,376	G601	2,424
<b>TOTAL Accrued Liabilities</b>	<b>2,376</b>		<b>2,424</b>
Due To Other Funds	1,091	G630	1,462
<b>TOTAL Due To Other Funds</b>	<b>1,091</b>		<b>1,462</b>
<b>TOTAL Liabilities</b>	<b>3,467</b>		<b>27,093</b>
<b>Fund Balance</b>			
Reserve For Repairs	54,191	G882	54,250
<b>TOTAL Restricted Fund Balance</b>	<b>54,191</b>		<b>54,250</b>
Assigned Appropriated Fund Balance	120,000	G914	120,000
Assigned Unappropriated Fund Balance	193,477	G915	264,327
<b>TOTAL Assigned Fund Balance</b>	<b>313,477</b>		<b>384,327</b>
<b>TOTAL Fund Balance</b>	<b>367,668</b>		<b>438,577</b>
<b>TOTAL Liabilities, Deferred Inflows And Fund Balance</b>	<b>371,135</b>		<b>465,670</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(G) SEWER

Results of Operation

Code Description	2017	EdpCode	2018
<b>Revenues</b>			
Sewer Rents	419,892	G2120	422,859
Sewer Charges	290	G2122	460
Interest & Penalties On Sewer Accts	5,045	G2128	10,389
<b>TOTAL Departmental Income</b>	<b>425,227</b>		<b>433,708</b>
Interest And Earnings	261	G2401	397
<b>TOTAL Use of Money And Property</b>	<b>261</b>		<b>397</b>
Unclassified (specify)	34	G2770	15
<b>TOTAL Miscellaneous Local Sources</b>	<b>34</b>		<b>15</b>
<b>TOTAL Revenues</b>	<b>425,522</b>		<b>434,120</b>
<b>TOTAL Detail Revenues And Other Sources</b>	<b>425,522</b>		<b>434,120</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(G) SEWER

Results of Operation

Code Description	2017	EdpCode	2018
<b>Expenditures</b>			
Payment of Mta Payroll Tax, Contr Expend		G19804	
<b>TOTAL Payment of Mta Payroll Tax</b>	<b>0</b>		<b>0</b>
<b>TOTAL General Government Support</b>	<b>0</b>		<b>0</b>
Sewer Administration, Pers Serv	26,023	G81101	27,460
<b>TOTAL Sewer Administration</b>	<b>26,023</b>		<b>27,460</b>
Sanitary Sewers, Equip & Cap Outlay	4,348	G81202	6,150
Sanitary Sewers, Contr Expend	15,700	G81204	27,998
<b>TOTAL Sanitary Sewers</b>	<b>20,048</b>		<b>34,148</b>
Sewage Treat Disp, Pers Serv	29,978	G81301	30,116
Sewage Treat Disp, Contr Expend	293,570	G81304	256,883
<b>TOTAL Sewage Treat Disp</b>	<b>323,548</b>		<b>286,999</b>
<b>TOTAL Home And Community Services</b>	<b>369,619</b>		<b>348,607</b>
Social Security , Empl Bnfts	4,067	G90308	4,233
<b>TOTAL Employee Benefits</b>	<b>4,067</b>		<b>4,233</b>
Debt Principal, Bond Anticipation Notes	10,000	G97306	10,000
<b>TOTAL Debt Principal</b>	<b>10,000</b>		<b>10,000</b>
Debt Interest, Bond Anticipation Notes	333	G97307	371
<b>TOTAL Debt Interest</b>	<b>333</b>		<b>371</b>
<b>TOTAL Expenditures</b>	<b>384,019</b>		<b>363,211</b>
<b>TOTAL Detail Expenditures And Other Uses</b>	<b>384,019</b>		<b>363,211</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(G) SEWER

**Analysis of Changes in Fund Balance**

Code Description	2017	EdpCode	2018
<b>Analysis of Changes in Fund Balance</b>			
<b>Fund Balance - Beginning of Year</b>	<b>326,165</b>	<b>G8021</b>	<b>367,668</b>
<b>Restated Fund Balance - Beg of Year</b>	<b>326,165</b>	<b>G8022</b>	<b>367,668</b>
ADD - REVENUES AND OTHER SOURCES	425,522		434,120
DEDUCT - EXPENDITURES AND OTHER USES	384,019		363,211
<b>Fund Balance - End of Year</b>	<b>367,668</b>	<b>G8029</b>	<b>438,577</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(G) SEWER

Budget Summary

Code Description	2018	EdpCode	2019
<b>Estimated Revenues</b>			
Est Rev - Departmental Income	424,100	G1299N	424,100
Est Rev - Use of Money And Property	175	G2499N	175
<b>TOTAL Estimated Revenues</b>	<b>424,275</b>		<b>424,275</b>
Appropriated Fund Balance	120,000	G599N	120,000
<b>TOTAL Estimated Other Sources</b>	<b>120,000</b>		<b>120,000</b>
<b>TOTAL Estimated Revenues And Other Sources</b>	<b>544,275</b>		<b>544,275</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(G) SEWER

Budget Summary

Code Description	2018	EdpCode	2019
<b>Appropriations</b>			
App - General Government Support	6,029	G1999N	233
App - Home And Community Services	512,659	G8999N	518,803
App - Employee Benefits	5,334	G9199N	5,239
App - Debt Service	20,253	G9899N	10,000
<b>TOTAL Appropriations</b>	<b>544,275</b>		<b>534,275</b>
App - Interfund Transfer		G9999N	10,000
<b>TOTAL Other Uses</b>	<b>0</b>		<b>10,000</b>
<b>TOTAL Appropriations And Other Uses</b>	<b>544,275</b>		<b>544,275</b>



VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(H) CAPITAL PROJECTS

Balance Sheet

Code Description	2017	EdpCode	2018
<b>Assets</b>			
Cash	1,817	H200	4,730
<b>TOTAL Cash</b>	<b>1,817</b>		<b>4,730</b>
Cash Special Reserves	2,985	H230	
<b>TOTAL Restricted Assets</b>	<b>2,985</b>		<b>0</b>
<b>TOTAL Assets and Deferred Outflows of Resources</b>	<b>4,802</b>		<b>4,730</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(H) CAPITAL PROJECTS

Balance Sheet

Code Description	2017	EdpCode	2018
Bond Anticipation Notes Payable	305,000	H626	176,000
<b>TOTAL Notes Payable</b>	<b>305,000</b>		<b>176,000</b>
<b>TOTAL Liabilities</b>	<b>305,000</b>		<b>176,000</b>
<b>Fund Balance</b>			
Capital Reserve	2,985	H878	
<b>TOTAL Restricted Fund Balance</b>	<b>2,985</b>		<b>0</b>
Unassigned Fund Balance	-303,183	H917	-171,270
<b>TOTAL Unassigned Fund Balance</b>	<b>-303,183</b>		<b>-171,270</b>
<b>TOTAL Fund Balance</b>	<b>-300,198</b>		<b>-171,270</b>
<b>TOTAL Liabilities, Deferred Inflows And Fund Balance</b>	<b>4,802</b>		<b>4,730</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(H) CAPITAL PROJECTS

Results of Operation

Code Description	2017	EdpCode	2018
<b>Revenues</b>			
Interest And Earnings	17	H2401	18
<b>TOTAL Use of Money And Property</b>	<b>17</b>		<b>18</b>
<b>TOTAL Revenues</b>	<b>17</b>		<b>18</b>
Bans Redeemed From Appropriations	100,000	H5731	129,000
<b>TOTAL Proceeds of Obligations</b>	<b>100,000</b>		<b>129,000</b>
<b>TOTAL Other Sources</b>	<b>100,000</b>		<b>129,000</b>
<b>TOTAL Detail Revenues And Other Sources</b>	<b>100,017</b>		<b>129,018</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(H) CAPITAL PROJECTS

Results of Operation

Code Description	2017	EdpCode	2018
<b>Expenditures</b>			
Garage, Equip & Cap Outlay	143,273	H51322	
<b>TOTAL Garage</b>	<b>143,273</b>		<b>0</b>
<b>TOTAL Transportation</b>	<b>143,273</b>		<b>0</b>
<b>TOTAL Expenditures</b>	<b>143,273</b>		<b>0</b>
Transfers, Other Funds		H99019	90
<b>TOTAL Operating Transfers</b>	<b>0</b>		<b>90</b>
<b>TOTAL Other Uses</b>	<b>0</b>		<b>90</b>
<b>TOTAL Detail Expenditures And Other Uses</b>	<b>143,273</b>		<b>90</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(H) CAPITAL PROJECTS

**Analysis of Changes in Fund Balance**

Code Description	2017	EdpCode	2018
<b>Analysis of Changes in Fund Balance</b>			
<b>Fund Balance - Beginning of Year</b>	<b>-521,942</b>	<b>H8021</b>	<b>-300,198</b>
Prior Period Adj -Increase In Fund Balance	265,000	H8012	
<b>Restated Fund Balance - Beg of Year</b>	<b>-256,942</b>	<b>H8022</b>	<b>-300,198</b>
ADD - REVENUES AND OTHER SOURCES	100,017		129,018
DEDUCT - EXPENDITURES AND OTHER USES	143,273		90
<b>Fund Balance - End of Year</b>	<b>-300,198</b>	<b>H8029</b>	<b>-171,270</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(K) GENERAL FIXED ASSETS

Balance Sheet

Code Description	2017	EdpCode	2018
<b>Assets</b>			
Buildings	4,701,075	K102	4,701,075
Machinery And Equipment	4,243,536	K104	4,586,313
<b>TOTAL Fixed Assets (net)</b>	<b>8,944,611</b>		<b>9,287,388</b>
<b>TOTAL Assets and Deferred Outflows of Resources</b>	<b>8,944,611</b>		<b>9,287,388</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(K) GENERAL FIXED ASSETS

Balance Sheet

Code Description	2017	EdpCode	2018
<b>Liabilities, Deferred Inflows And Fund Balance</b>			
Total Non-Current Govt Assets	8,944,611	K159	9,287,388
<b>TOTAL Investments in Non-Current Government Assets</b>	<b>8,944,611</b>		<b>9,287,388</b>
<b>TOTAL Fund Balance</b>	<b>8,944,611</b>		<b>9,287,388</b>
<b>TOTAL</b>	<b>8,944,611</b>		<b>9,287,388</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(TA) AGENCY

Balance Sheet

Code Description	2017	EdpCode	2018
<b>Assets</b>			
Cash	17,277	TA200	17,277
Cash In Time Deposits	25,819	TA201	25,845
<b>TOTAL Cash</b>	<b>43,096</b>		<b>43,122</b>
<b>TOTAL Assets and Deferred Outflows of Resources</b>	<b>43,096</b>		<b>43,122</b>



VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(TA) AGENCY

Balance Sheet

Code Description	2017	EdpCode	2018
Guaranty & Bid Deposits	43,096	TA30	43,122
<b>TOTAL Agency Liabilities</b>	<b>43,096</b>		<b>43,122</b>
<b>TOTAL Liabilities</b>	<b>43,096</b>		<b>43,122</b>
<b>TOTAL Liabilities, Deferred Inflows And Fund Balance</b>	<b>43,096</b>		<b>43,122</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2017	EdpCode	2018
<b>Assets</b>			
Total Non-Current Govt Liabilities	975,652	W129	272,750
<b>TOTAL Provision To Be Made In Future Budgets</b>	<b>975,652</b>		<b>272,750</b>
<b>TOTAL Assets and Deferred Outflows of Resources</b>	<b>975,652</b>		<b>272,750</b>

VILLAGE OF Montgomery  
Annual Update Document  
For the Fiscal Year Ending 2018

(W) GENERAL LONG-TERM DEBT

Balance Sheet

Code Description	2017	EdpCode	2018
Net Pension Liability -Proportionate Share	639,652	W638	
<b>TOTAL Other Liabilities</b>	<b>639,652</b>		<b>0</b>
Bonds Payable	336,000	W628	272,750
<b>TOTAL Bond And Long Term Liabilities</b>	<b>336,000</b>		<b>272,750</b>
<b>TOTAL Liabilities</b>	<b>975,652</b>		<b>272,750</b>
<b>TOTAL Liabilities</b>	<b>975,652</b>		<b>272,750</b>

**VILLAGE OF Montgomery**  
**Statement of Indebtedness**  
**For the Fiscal Year Ending 2018**

8/29/2018

County of: Orange

Municipal Code: 330454503190

First Year	Debt Code	Description	Cops Flag	Comp Flag	Date of Issue	Date of Maturity	Int. Rate	Var?	Amt. Orig. Issued	O/S Beg. of Year	Paid Dur. Year	Redeemed Bond Proc.	Prior Yr. Adjust.	Accreted Interest	O/S End of Year
2013	BAN N	VARIOUS PURPOSES			07/13/2012	07/12/2013	1.95%		\$200,000	\$40,000	\$40,000	\$0	\$0		\$0
2014	BAN N	Various Purpose			08/06/2013	08/02/2018	1.49%		\$300,000	\$120,000	\$60,000	\$0	\$0		\$60,000
2017	BAN N	GARBGE TRUCK		Y	12/09/2016	12/07/2018	1.54%		\$145,000	\$145,000	\$29,000	\$0	\$0		\$116,000
2018	BAN N	CLINTON STREET WATER MAIN			08/14/2017	08/14/2018	1.49%		\$125,000	\$0			\$0		\$125,000
<b>Total for Type/Exempt Status - Sums Issued Amts only made in AFR Year</b>									<b>\$125,000</b>	<b>\$305,000</b>	<b>\$129,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$301,000</b>
2017	BOND N	WATER STORAGE		Y	03/01/2016	03/01/2026	3.24%			\$238,500	\$26,500	\$0	\$0		\$212,000
2003	BOND N	GENERAL FUND			05/01/1986	05/01/2021	7.125%			\$24,000	\$6,000	\$0	\$0		\$18,000
2003	BOND N	GENERAL FUND			05/01/1986	05/01/2021	5.00%			\$24,000	\$6,000	\$0	\$0		\$18,000
2003	BOND N	GENERAL FUND			07/01/1998	07/01/2018	5.40%			\$49,500	\$24,750	\$0	\$0		\$24,750
<b>Total for Type/Exempt Status - Sums Issued Amts only made in AFR Year</b>									<b>\$0</b>	<b>\$336,000</b>	<b>\$63,250</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$272,750</b>
<b>AFR Year Total for All Debt Types - Sums Issued Amts only made in AFR Year</b>									<b>\$125,000</b>	<b>\$641,000</b>	<b>\$192,250</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$573,750</b>

VILLAGE OF Montgomery  
Schedule of Time Deposits and Investments  
For the Fiscal Year Ending 2018

VILLAGE OF Montgomery  
Bank Reconciliation  
For the Fiscal Year Ending 2018

Include All Checking, Savings and C.D. Accounts

Bank Account Number	Bank Balance	Add: Deposit In Transit	Less: Outstanding Checks	Adjusted Bank Balance
****-6330	\$47,553	\$0	\$47,553	\$0
****-8286	\$5,456	\$0	\$0	\$5,456
****-6275	\$1,666,615	\$47,896	\$7,228	\$1,707,283
****-3395	\$0	\$40	\$0	\$40
****-3141	\$0	\$0	\$0	\$0
****-7577	\$501	\$0	\$0	\$501
****-1436	\$0	\$0	\$0	\$0
****-7593	\$2,687	\$0	\$0	\$2,687
****-7603	\$459	\$0	\$0	\$459
****-3154	\$3,344	\$0	\$0	\$3,344
****-6314	\$1	\$0	\$0	\$1
****-3403	\$67,702	\$0	\$0	\$67,702
****-3411	\$10,610	\$0	\$0	\$10,610
****-6327	\$54,250	\$0	\$0	\$54,250
****-7438	\$1,727	\$0	\$0	\$1,727
****-3429	\$3,003	\$0	\$0	\$3,003
****-9150	\$0	\$0	\$0	\$0
****-6301	\$17,177	\$0	\$0	\$17,177
****-3192	\$100	\$0	\$0	\$100
****-3178	\$2,302	\$0	\$0	\$2,302
****-5972	\$23,541	\$0	\$0	\$23,541
****-3180	\$3	\$0	\$0	\$3

Total Adjusted Bank Balance			\$1,900,186
Petty Cash			\$225.00
Adjustments			\$0.00
Total Cash	9ZCASH	*	\$1,900,411
Total Cash Balance All Funds	9ZCASHB	*	\$1,900,411

\* Must be equal

VILLAGE OF Montgomery  
Local Government Questionnaire  
For the Fiscal Year Ending 2018

	<u>Response</u>
1) Does your municipality have a written procurement policy?	<u>Yes</u>
2) Have the financial statements for your municipality been independently audited? If not, are you planning on having an audit conducted?	<u>No</u> <u>No</u>
3) Does your local government participate in an insurance pool with other local governments?	<u>No</u>
4) Does your local government participate in an investment pool with other local governments?	<u>No</u>
5) Does your municipality have a Length of Service Award Program (LOSAP) for volunteer firefighters?	<u>No</u>
6) Does your municipality have a Capital Plan?	<u>No</u>
7) Has your municipality prepared and documented a risk assessment plan? If yes, has your municipality used the results to design the system of internal controls?	<u>No</u> <u></u>
8) Have you had a change in chief executive or chief fiscal officer during the last year?	<u>No</u>
9) Has your Local Government adopted an investment policy as required by General Municipal Law, Section 39?	<u>No</u>

VILLAGE OF Montgomery  
Employee and Retiree Benefits  
For the Fiscal Year Ending 2018

<b>Total Full Time Employees:</b>					
<b>Total Part Time Employees:</b>					
<b>Account Code</b>	<b>Description</b>	<b>Total Expenditures (All Funds)</b>	<b># of Full Time Employees</b>	<b># of Part Time Employees</b>	<b># of Retirees</b>
90108	State Retirement System	\$183,475.00	17	14	
90158	Police and Fire Retirement	\$83,316.00	7	9	
90258	Local Pension Fund				
90308	Social Security	\$137,559.00	24	165	
90408	Worker's Compensation Insurance	\$109,231.00	24	165	
90458	Life Insurance				
90508	Unemployment Insurance				
90558	Disability Insurance	\$3,216.00	24	14	
90608	Hospital and Medical (Dental) Insurance	\$424,548.00	24		8
90708	Union Welfare Benefits				
90858	Supplemental Benefit Payment to Disabled Fire Fighters				
91890	Other Employee Benefits	\$19,205.00			
<b>Total</b>		<b>\$960,550.00</b>			
Computed Total From Financial Section (comparative purposes only)		<b>\$960,550.00</b>			



VILLAGE OF Montgomery  
 Energy Costs and Consumption  
 For the Fiscal Year Ending 2018

Energy Type	Total Expenditures	Total Volume	Units Of Measure	Alternative Units Of Measure
Gasoline	\$22,186	11,785	gallons	
Diesel Fuel	\$15,935	8,063	gallons	
Fuel Oil			gallons	
Natural Gas	\$27,182	26,675	cubic feet	
Electricity	\$162,075	2,028,411	kilowatt-hours	
Coal			tons	
Propane			gallons	

CERTIFICATION OF CHIEF FISCAL OFFICER

I, DAVID GRIFFITH, hereby certify that I am the Chief Fiscal Officer of the VILLAGE of MONTGOMERY, and that the information provided in the annual financial report of the VILLAGE of MONTGOMERY, for the fiscal year ended 05/31/2018, is TRUE and correct to the best of my knowledge and belief.

By entering the personal identification number assigned by the Office of the State Comptroller to me as the Chief Fiscal Officer of the VILLAGE of MONTGOMERY, and adopted by me as my signature for use in conjunction with the filing of the VILLAGE of MONTGOMERY's annual financial report, I am evidencing my express intent to authenticate my certification of the VILLAGE of MONTGOMERY's annual financial report for the fiscal year ended 05/31/2018 and filed by means of electronic data transmission.

RONALD E CLUM, CPA, PC  
Name of Report Preparer if  
different than Chief Fiscal Officer

RONALD E CLUM CPA  
Name

(845) 467-8243  
Telephone Number

CPA  
Title

165 BEAMER ROAD WALDEN, NY  
Official Address

08/29/2018  
Date of Certification

(845) 457-9661  
Official Telephone Number

VILLAGE OF Montgomery  
Financial Comments  
For the Fiscal Year Ending 2018

**VILLAGE OF MONTGOMERY  
ORANGE COUNTY, NEW YORK  
NOTES TO THE FINANCIAL  
STATEMENTS  
For the Year Ended May 31, 2018**

**I. Summary of Significant Accounting Policies**

The fund financial statements of the Village of Montgomery have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government Villages. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. Financial Reporting Entity**

The Village of Montgomery, which was established in 1810, is governed by Village law and other general laws of the State of New York and various local laws. The Village Board is the legislative body responsible for overall operations, the Mayor serves as chief executive officer and the chief fiscal officer.

The following basic services are provided: street maintenance, police services, community and development, and water/sewer services.

All governmental activities and functions performed for the Village of Montgomery are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary government which is the Village of Montgomery, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement Numbers 14 and 39.

The decision to include a potential component Village in the Village's reporting entity is based on several criteria set forth in GASB 14 and 39 including legal standing, fiscal dependency, and financial accountability. No potential component unit has been left out of this report.

**B. Fund Accounting**

The Village uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

**VILLAGE OF MONTGOMERY  
ORANGE COUNTY, NEW YORK  
NOTES TO THE FINANCIAL  
STATEMENTS  
For the Year Ended May 31, 2018**

A fund is a separate accounting entity with a self-balancing set of accounts.

The Village records its transactions in the fund types described below.

**Fund Categories**

- a. **Governmental Funds** – Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon the determination of financial position and changes in financial position (the sources, uses, and balances of current financial resources). The following are the Village's governmental fund types.

*General Fund* – the principal operating fund and includes all operations not accounted for and reported in another fund.

*Capital Projects Fund* – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of capital facilities and other capital assets other than those financed by proprietary funds.

*Debt Service Fund* – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on general obligation long-term debt. Debt service funds are used when legally mandated and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.

- b. **Fiduciary Funds** – used to account for assets held by the local government in a trustee or custodial capacity:

*Agency Funds* – used to account for money (and/or property) received and held in a purely custodial capacity of trustee, custodian, or agent.

**C. Basis of Accounting/Measurement Focus**

Basis of accounting refers to when revenues and expenditures/expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e., expenditures or expenses.

**VILLAGE OF MONTGOMERY  
ORANGE COUNTY, NEW YORK  
NOTES TO THE FINANCIAL  
STATEMENTS  
For the Year Ended May 31, 2018**

**Modified Accrual Basis** – All Governmental Funds are accounted for using the modified accrual basis of accounting.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days of the end of the current fiscal year.

Material revenues that are accrued include real property taxes, State and Federal Aid, sales tax and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made, all other grant requirements have been met, and the resources are available.

Expenditures are recorded when a liability is incurred except that:

- a. Expenditures for prepaid expenses and inventory-type items are recognized at the time of purchase.
- b. Principal and interest on indebtedness are recognized as expenditures when payment is due.
- c. Compensated absences, such as vacation and sick leave which vests or accumulates, are charged as expenditures when payment is due.
- d. Other post-employment benefits are charged as expenditures when payment is due.

**VILLAGE OF MONTGOMERY  
ORANGE COUNTY, NEW YORK  
NOTES TO THE FINANCIAL  
STATEMENTS  
For the Year Ended May 31, 2018**

**D. Fund Balances**

In fiscal 2012, the Village implemented Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). GASB 54 changed the classification of fund balance to focus on the constraints imposed on resources in governmental funds, instead of the previous focus on availability for appropriation.

Fund balance is now broken down into five different classifications: nonspendable, restricted, committed, assigned, and unassigned.

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

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

Committed consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Village Board is the decision-making authority that can, by resolution prior to the end of the fiscal year, commit fund balance.

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

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

When resources are available from multiple classifications, the Village spends funds in the following order: restricted, committed, assigned, unassigned.

**VILLAGE OF MONTGOMERY  
ORANGE COUNTY, NEW YORK  
NOTES TO THE FINANCIAL  
STATEMENTS  
For the Year Ended May 31, 2018**

**E. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes, is employed in the governmental funds. Encumbrances are reported as restrictions, commitments, or assignments of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

There were no significant encumbrances at May 31, 2018.

**F. Capital Assets**

Capital Assets, which include property, plant, equipment, and infrastructure assets, are reported in the Schedule of Non-Current Governmental Assets. The Village defines capital assets as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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



**VILLAGE OF MONTGOMERY  
ORANGE COUNTY, NEW YORK  
NOTES TO THE FINANCIAL  
STATEMENTS  
For the Year Ended May 31, 2018**

**G. Insurance**

The Village assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

**II. Stewardship, Compliance, Accountability**

**A. Budget Policies** – The budget policies are as follows:

- a. No later than March 31st, the budget officer submits a tentative budget to the Village Board for the fiscal year commencing the following June. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- b. After public hearings are conducted to obtain taxpayer comments, no later than May 1st, the governing board adopts the budget.
- c. All modifications of the budget must be approved by the governing board. (However, the treasurer is authorized to transfer certain budgeted amounts within departments.)
- e. Budgets are adopted annually on a basis consistent with cash basis.
- f. Appropriations in all budgeted funds lapse at the end of the fiscal year, except that outstanding encumbrances are re-apportioned in the subsequent year.

**B. Property Taxes**

Real property taxes are levied annually no later than May 1st and become a lien on June 1st. Taxes are collected during the period June 1st to October 31st.

Unpaid village taxes are turned over to the county for enforcement. Any such taxes remaining unpaid at year-end are relieved as county taxes in the subsequent year.

**C. Deficit Fund Balances**

1. The capital projects fund and the community development fund had deficit fund balances at May 31, 2018. These deficit will be eliminated as short-term debt is redeemed or converted to permanent financing.

**VILLAGE OF MONTGOMERY  
ORANGE COUNTY, NEW YORK  
NOTES TO THE FINANCIAL  
STATEMENTS  
For the Year Ended May 31, 2018**

**III. Detail Notes on All Funds**

**A. Assets**

**1. Cash And Investments**

The Village investment policies are governed by State statutes. In addition, the Village has its own written investment policy. Village monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Mayor is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit as provided for by law of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the Villageed States and its agencies and obligations of the State and its municipalities and school districts.

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least a percentage provided for by law of the cost of the repurchase agreement.

For purposes of reporting cash flow, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity.

Deposits and investments at year-end were entirely covered by federal depository insurance or by collateral held by the Village's custodial bank in the Village's name. They consisted of:

**VILLAGE OF MONTGOMERY  
ORANGE COUNTY, NEW YORK  
NOTES TO THE FINANCIAL  
STATEMENTS  
For the Year Ended May 31, 2018**

**Deposits**

All deposits, including certificates of deposit, are carried at cost plus accrued interest.

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Value</u>
General Fund	\$ 1,070,325	\$ 1,110,994
Community Development Fund	1	1
Water Fund	342,553	331,943
Sewer Fund	398,747	398,747
Capital Fund	4,731	4,731
Trust & Agency	90,675	43,122
Total:	<u>\$ 1,907,032</u>	<u>\$ 1,889,538</u>

2. **Changes In Capital Assets**

A summary of changes in capital fixed assets follows:

<u>Type</u>	<u>Balance June 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance May 31, 2018</u>
Buildings	\$ 4,701,075	\$ -	\$ -	\$ 4,701,075
Machinery and Equipment	4,243,536	342,777	-	4,586,313
Total:	<u>\$ 8,944,611</u>	<u>\$ 342,777</u>	<u>\$ -</u>	<u>\$ 9,287,388</u>

**B. Liabilities**

1. **Pension Plans**

**Plan Description**

The Village of Montgomery participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS) and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the

**VILLAGE OF MONTGOMERY  
ORANGE COUNTY, NEW YORK  
NOTES TO THE FINANCIAL  
STATEMENTS  
For the Year Ended May 31, 2018**

Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be found at <http://www.osc.state.ny.us/retire/publications/index.php> or obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

Funding Policy

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3% of their salary for the entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

Year	PFRS	ERS
2018	\$ 83,316	\$ 183,475
2017	86,328	185,638
2016	52,789	172,727
Total:	\$ 139,117	\$ 358,365

Chapter 260 of the Laws of 2004 of the State of New York was enacted that allows local employers to bond or amortize a portion of their retirement bill for up to 10 years in accordance with the following schedule:

- For State fiscal year (SFY) 2004-05, the amount in excess of 7 percent of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.
- For SFY 2005-06, the amount in excess of 9.5 percent of employees' covered pensionable salaries.
- For SFY 2007-08, the amount in excess of 10.5 percent of employees' covered pensionable salaries.

**VILLAGE OF MONTGOMERY  
ORANGE COUNTY, NEW YORK  
NOTES TO THE FINANCIAL  
STATEMENTS  
For the Year Ended May 31, 2018**

This law requires participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2008.

Chapter 57 of the Laws of 2010 of the State of New York was enacted that allows local employers to amortize a portion of their retirement bill for 10 years in accordance with the following stipulations:

- For State fiscal year 2010-11, the amount in excess of the graded rate of 9.5 percent of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- For subsequent State fiscal years, the graded rate will increase or decrease by up to one percent depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.
- For subsequent State fiscal years in which the System's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program.

2. Post-Employment Benefits

In addition to providing pension benefits, the Village provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Village's employees may become eligible for these benefits if they reach normal retirement age while working for the Village. Health care benefits and survivors benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The Village recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid.

3. Short-Term Debt

Liabilities for bond anticipation notes (BANs) are generally accounted for in the capital projects funds and the enterprise fund. The notes or renewal thereof may not extend more than two years beyond the original

**VILLAGE OF MONTGOMERY  
ORANGE COUNTY, NEW YORK  
NOTES TO THE FINANCIAL  
STATEMENTS  
For the Year Ended May 31, 2018**

date of issue unless a portion is redeemed within two years and within each 12-month period thereafter.

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 renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Summary of BANs

Description	Original Issue Date	Original Amount	Interest Rate	O/S Amount at May 31, 2018
Various Purposes	08/13	\$300,000	1.49%	\$60,000
Garbage Truck	12/16	145,000	1.54%	116,000
Water Main - Clinton Street	08/18	125,000	1.49%	125,000
Total:		<u>\$570,000</u>		<u>\$301,000</u>

4. Long-Term Debt

a. Outstanding indebtedness aggregated \$272,500.

b. Serial Bonds (and Capital Notes)

The Village borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the Schedule of Non-Current Governmental Liabilities. The provision 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 the long-term liabilities.

c. Summary of Long-Term Liabilities

**VILLAGE OF MONTGOMERY  
ORANGE COUNTY, NEW YORK  
NOTES TO THE FINANCIAL  
STATEMENTS  
For the Year Ended May 31, 2018**

	Balance June 1, 2017	Issues	Payments	Balance May 31, 2018
Statutory Serial Bond	\$ 238,500	\$ -	\$ 26,500	\$ 212,000
Serial Bond	\$ 97,500		\$ 36,750	\$ 60,750
Total:	<u>\$ 336,000</u>	<u>\$ -</u>	<u>\$ 63,250</u>	<u>\$ 272,750</u>

d. Long-Term Debt Maturity Schedule

The following is a statement of serial bonds and capital notes with corresponding maturity schedules.

Year Ending May 31,	Serial Bonds	
	Principal	Interest
2019	63,250	11,056
2020	38,500	8,133
2021	38,500	5,880
2022	26,500	4,293
2023	26,500	3,434
2024-2028	79,500	5,152
	<u>\$ 272,750</u>	<u>\$ 37,948</u>

**IV. Contingencies**

The local government has received, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowance and a request for a return of funds to the Federal and State governments. Based on past audits, the local government administration believes disallowances, if any, will be immaterial.

**APPENDIX C**

**FORM OF LEGAL OPINION**



February 6, 2019

Village of Montgomery,  
County of Orange,  
State of New York

Norton Rose Fulbright US LLP  
1301 Avenue of the Americas  
New York, New York 10019-6022  
United States

Tel +1 212 318 3000  
Fax +1 212 318 3400  
nortonrosefulbright.com

Re: Village of Montgomery, Orange County, New York  
\$450,000 General Obligation Serial Bonds – 2019 (Tax-Exempt)

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$450,000 General Obligation Serial Bonds – 2019 (Tax-Exempt) (the “Obligation”), of the Village of Montgomery, Orange County, New York (the “Obligor”), dated February 6, 2019.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986 (the “Code”), including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder;
- (3) a tax certificate (the “Tax Certificate”) executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes; and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright South Africa Inc are separate legal entities and all of them are members of Norton Rose Fulbright Verein, a Swiss verein. Norton Rose Fulbright Verein helps coordinate the activities of the members but does not itself provide legal services to clients. Details of each entity, with certain regulatory information, are available at [nortonrosefulbright.com](http://nortonrosefulbright.com).

officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Tax Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount; except as to certain statutory limitations which may result from the application of Chapter 97 of the Laws of 2011 of the State of New York, as amended, provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights; and (ii) may be subject to the exercise of judicial discretion.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Under existing law, interest on the Obligation (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, assuming continuing compliance after the date hereof by the Obligor with the provisions of the Tax Certificate, and (2) will not be included in computing the Federal alternative minimum taxable income of the owners thereof. Under existing law, interest on the Obligation is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

We express no opinion with respect to any other Federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligation. Ownership of tax-exempt obligations such as the Obligation may result in collateral Federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue

Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

The scope of our engagement in relation to the issuance of the Obligation has extended solely to the examination of the facts and law incident to rendering the opinion expressed herein. Such opinion is not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligation as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligation, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,