

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 5, 2023

RENEWAL ISSUE

BOND ANTICIPATION NOTES

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 Notes will be excludable from gross income for federal income tax purposes under existing law, and interest on the Notes will not be subject to the alternative minimum tax on individuals. In the further opinion of Bond Counsel, under existing law interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "TAX MATTERS" herein for a description of the opinion of Bond Counsel and certain other tax consequences.

The Village will designate the Notes as "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986.

**VILLAGE OF SCARSDALE
WESTCHESTER COUNTY, NEW YORK**

**\$1,735,000
BOND ANTICIPATION NOTES, 2023
(the "Notes")**

Date of Issue: January 31, 2023

Maturity Date: January 31, 2024

The Notes are general obligation of the Village of Scarsdale, Westchester County, New York (the "Village"), and will contain a pledge of the faith and credit of the Village for the payment of the principal and interest on the Notes. All the taxable real property within the Village will be subject to the levy of ad valorem taxes to pay principal of and interest on the Notes, without limitation as to rate or amount, for such purposes. (See "*Nature of the Obligation*" and "*The Tax Levy Limit Legislation*," herein.)

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

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

Principal of and interest on such Notes will be payable in federal funds by the Village to the registered owner.

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

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the final unqualified legal opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel and certain other conditions. It is anticipated that delivery of the Notes will be made on or about January 31, 2023.

THE VILLAGE DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED. FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED, THIS OFFICIAL STATEMENT WILL BE UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER. THE VILLAGE WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN EVENTS WITH RESPECT TO THE NOTES AS DEFINED IN THE RULE. (SEE "DISCLOSURE UNDERTAKING" HEREIN.)

Dated: January __, 2023

**VILLAGE OF SCARSDALE,
WESTCHESTER COUNTY, NEW YORK**

**Jane E. Veron
Mayor**

BOARD OF TRUSTEES

Randall B. Whitestone Deputy Mayor
Sameer Ahuja..... Trustee
Karen L. Brew Trustee
Jeremy A. Gans..... Trustee
Jonathon E. Lewis..... Trustee
Kenneth L. Mazer Trustee

Robert Cole..... Village Manager
Ann Scaglione..... Village Treasurer
Maria Colotti..... Deputy Village Treasurer

BOND COUNSEL

**Norton Rose Fulbright US LLP
New York, New York**

MUNICIPAL ADVISOR



**Capital Markets Advisors, LLC
Hudson Valley * Long Island * Western New York
(516) 570-0340**

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 Village. 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 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.

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MAY 31, 2022**

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OFFICIAL STATEMENT

**VILLAGE OF SCARSDALE
WESTCHESTER COUNTY, NEW YORK**

relating to

**\$1,735,000
BOND ANTICIPATION NOTES, 2023
(the “Notes”)**

This Official Statement, which includes the cover page and appendices hereto, presents certain information relating to the Village of Scarsdale in the County of Westchester, in the State of New York (the “Village,” “County,” and “State,” respectively), in connection with the sale of \$1,735,000 Bond Anticipation Notes, 2023 (the “Notes”).

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 Notes and the proceedings of the Village relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the Village’s overall economic situation and outlook (and all of the specific Village-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. (See “RISK FACTORS” herein.)

THE NOTES

Description

The Notes will be dated and will mature, without option of prior redemption, as reflected on the cover page hereof.

The Village will act as Paying Agent for any Notes issued in book-entry form and the purchaser will serve as paying agent for the Notes registered in the name of the purchaser. Paying agent fees, if any, **for non-book-entry notes** will be paid by the purchaser.

Authority for and Purpose of the Notes

The Notes are being issued pursuant to the Constitution and statutes of the State, including among others, the General Municipal Law, the Local Finance Law, Village Law and a bond resolution adopted by the Village Board on October 27, 2020, authorizing the issuance of bonds to finance various improvement to the Village water supply and distribution system. The proceeds from the sale of the Notes, together with \$15,000 of available funds, will be used to redeem the Village’s outstanding \$1,750,000 Bond Anticipation Notes, 2022 which will mature on February 1, 2023.

Book-Entry-Only System

If book-entry-only format is chosen, the Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Notes if issued as book-entry-only Notes. Such Notes will be issued as fully-registered notes 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 note certificate will be issued for each note bearing the same rate of interest and CUSIP and deposited with DTC.

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

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC’s Money Market Instruments (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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Village, on payable dates in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing

instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest 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 Notes at any time by giving reasonable notice to the Village. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

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

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

Source: The Depository Trust Company.

Nature of the Obligation

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

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

The Notes will be 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 the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the Village has power and statutory authorization to levy ad valorem taxes on all real property within the Village subject to such taxation by the Village subject to applicable statutory limitations.

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. Each Note 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 Notes.

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." 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 Notes.

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. Congress has enacted such a law in the form of the Federal Bankruptcy Code. Given the authority established in the aforesaid Section 85.80 of the Local Finance Law, the Federal Bankruptcy Code, under certain circumstances, can provide municipalities in New York with easier access to judicially approved adjustment of debt and can permit 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 Notes 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 Notes 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." The Village may be able, without the consent and over the objection of owners of the Notes, to impair and alter the terms and provisions of the Notes, 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.

The rights of the owners of Notes 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 Notes) 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 Notes.

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 Notes.

State Debt Moratorium Law. Unless the Federal Bankruptcy Code or other Federal Law applies, as described above, enforcement of the rights of Note 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.

The State Constitutional provision providing for first revenue set asides applies to the payment of interest on all indebtedness and to the payment of principal payments or bonds, but does not apply to pay payment of principal due on tax anticipation notes, revenue anticipation notes or bond anticipation notes.

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.

RISK FACTORS

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

There can be no assurance that the State appropriation for State aid to school districts or municipalities will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the Village can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget or the State's financial condition due to the COVID-19 outbreak and other circumstances, including fiscal stress. In any event, State aid appropriated and apportioned to the Village can be paid only if the State has such monies available therefor. (See "*Impacts of COVID-19*" herein).

Should the Village fail to receive monies expected from the State in the amounts and at the times expected, the Village is permitted to issue revenue anticipation notes in anticipation of the receipt of delayed State aid.

If and when a holder of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. In addition, the price and principal value of the Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of a note will decline, causing the bondholder to incur a potential capital loss if such note is sold prior to its maturity.

Amendments to the U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Notes and other debt issued by the Village. Any such future legislation could have an adverse effect on the market value of the Notes. (See “TAX MATTERS” herein.)

The enactment of Chapter 97 of the New York Laws of 2011 on June 24, 2011, which imposes a tax levy limitation upon municipalities, including the Village, school districts, and fire districts in the State could have an impact upon operations of the Village and as a result, the market price for the Notes. (See “*Tax Levy Limitation Law*,” herein.)

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.

LITIGATION

The Village is involved in various claims and lawsuits, arising in the normal course of operations. Many of these lawsuits are referred to the Village’s insurance carrier and are covered under the same. Management believes that any financial responsibility that may be incurred in settlement of such claims and lawsuits would not be material to the Village's financial position.

Several tax certiorari proceedings presently are pending against the Village for reduction of assessed value of real property located in the Village. Any such reductions will result in the Village being required to refund Village taxes collected in prior years. The amounts of the refunds, if any, are not expected to have a material effect on the Village's financial position.

TAX MATTERS

Tax Exemption

The delivery of the Notes is subject to the opinion of Bond Counsel to the effect that interest on the Notes 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 an item of tax preference for purposes of the alternative minimum tax on individuals. 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 Notes pertaining to the use, expenditure, and investment of the proceeds of the Notes and will assume continuing compliance by the Village with the provisions of the Tax Certificate subsequent to the issuance of the Notes. The Tax Certificate contains covenants by the Village with respect to, among other matters, the use of the proceeds of the Notes and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Notes 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 Notes 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 Notes is commenced, under current procedures the IRS is likely to treat the Village as the "taxpayer," and the owners of the Notes 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 Notes, the Village may have different or conflicting interests from the owners of the Notes. Public awareness of any future audit of the Notes could adversely affect the value and liquidity of the Notes during the pendency of the audit, regardless of its ultimate outcome.

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

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 Notes. Prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations such as the Notes 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"), corporations subject to the alternative minimum tax on adjusted financial statement income, 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 Notes 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 Notes. Prospective purchasers of the Notes 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 Notes

The initial public offering price of certain Notes (the "Discount Obligations") may be less than the amount payable on such Notes at maturity. An amount equal to the difference between the initial public offering price of a Discount Obligation (assuming that a substantial amount of the Discount Obligations 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 Obligation. A portion of such original issue discount allocable to the holding period of such Discount Obligation by the initial purchaser will, upon the disposition of such Discount Obligation (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 Notes 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 Obligation, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Obligation 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, corporations subject to the alternative minimum tax on adjusted financial statement income, 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 Obligation by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Obligation in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Obligation was held) is includable in gross income. Owners of Discount Obligations should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Obligations.

The purchase price of certain Notes (the “Premium Obligations”) paid by an owner may be greater than the amount payable on such Notes at maturity. An amount equal to the excess of a purchaser’s tax basis in a Premium Obligation over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Obligation 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 Obligation. 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 Obligations should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Obligations.

Notice 94-84, 1994-2 C.B. 559, states that the IRS is studying whether the stated interest portion of the payment at maturity on a short-term debt obligation (such as the Notes), that matures not more than one year from the date of issue, bears a stated fixed rate of interest and is described in Section 103(a) of the Code, is (i) qualified stated interest that is excluded from the stated redemption price at maturity of the obligation (within the meaning of Section 1273 of the Code) but is excluded from gross income pursuant to Section 103(a) of the Code, or (ii) is not qualified stated interest and, therefore, is included by the taxpayer in the stated redemption price at maturity of the obligation, creating or increasing (as to that taxpayer) original issue discount on the obligation that is excluded from gross income pursuant to Section 103(a) of the Code. Notice 94-84 states that until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, a taxpayer holding such obligations may treat the stated interest payable at maturity either as qualified stated interest or as included in the stated redemption price at maturity of the obligation. However, the taxpayer must treat the amounts to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Notice 94-84 does not address various aspects necessary to the application of the latter method (including, for example, the treatment of a holder acquiring its Note other than in the original public offering or at a price other than the original offering price). Each person considering acquiring the Notes should consult its own tax advisor with respect to the tax consequences of ownership of and of the election between the choices of treatment of the stated interest payable at maturity on the Notes.

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 Notes 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 Notes will not be subject to the 100% disallowance of interest expense allocable to interest on the

Notes 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 Notes will be reduced by 20% pursuant to section 291 of the Code.

LEGAL MATTERS

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

DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the “Rule”) promulgated by the Securities and Exchange Commission, the Village has agreed to provide an executed Event Notices Certificate for the Notes, in substantially the forms attached hereto as “Appendix E”.

RATING

The Village did not apply for a rating of the Notes. The Notes may be rated at the option and at the cost of the underwriter.

On January 14, 2021, Moody’s Investors Service, Inc. (“Moody’s”) affirmed its “Aaa” credit rating on the Village’s outstanding uninsured general obligation limited tax rating.

Such ratings reflect only the view of such organization, and an explanation of the significance of such rating may be obtained only from such rating agency, at the following address: Moody’s Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. There can be no assurance that such rating will continue for any specified period of time or that such rating will not be revised or withdrawn, if in the judgment of Moody’s circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of such notes or the availability of a secondary market for those notes.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC, Great Neck, New York, (the “Municipal Advisor”) is an independent municipal advisor registered with the United States Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor has served as the independent financial advisor to the Village in connection with this transaction.

In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement. The Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the Village to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is not a law firm and does not provide legal advice with respect to this or any debt offerings of the Village. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Notes.

APPENDIX A

THE VILLAGE

THE VILLAGE

General Information

Settled originally in 1701, the Town of Scarsdale (the “Town”) was created by an act of the State Legislature in 1779 and in 1915 the Village of Scarsdale was incorporated to encompass the entire area of the Town. The Village of Scarsdale is a Village of the First Class (New York State statutes) and is located in the 16th Congressional District, the 35th Senatorial District, the 88th State Assembly District of the State and the 5th Legislative District of the County. The Town of Scarsdale is coterminous with the Village. The Town’s powers have been assumed by the Village Board, and the Village now generally possesses the powers and responsibilities of a town as well as those of a village. The Village has a land area of approximately 6.7 square miles and a population of 17,939 according to the 2021 U.S. Census Bureau estimated population. The Village is located in southeastern New York State in Westchester County, about 21 miles north of mid-town Manhattan. The Bronx River Parkway, Hutchinson River Parkway, New York State Route 22 and New York State Route 125 are the major access routes.

The Village is primarily an upper-income residential community consisting almost exclusively of single family, detached homes, with some multi-level apartment buildings near the Village center. The median home value in the Village, based on the 2017-2021 U.S. Census Bureau American Community Survey 5-Year Estimates, is over \$1,474,000.

Utility Services

Scarsdale residents receive electrical service from Consolidated Edison Company of New York (“Con Edison”) and telephone service from Verizon and Altice. Con Edison also supplies natural gas service to the County and the Village.

The water distribution system is owned by the Village. The Village Board has the power to regulate and fix water rates charged. Water is primarily obtained through Reeves Newsom Pumping Station from the Kensico Bronx 48" pipeline, which serves the Cities of Yonkers, Mount Vernon, and White Plains as well as the Village of Scarsdale. Through the Ardsley Road Pump Station, the Village’s secondary Pump Station, water is obtained directly from the New York City Catskill Aqueduct.

Recreational and Cultural Facilities

Public recreational facilities owned and maintained by the Village include parks, playgrounds and playfields, nature areas, public tennis courts, paddle tennis courts and a municipal swimming pool. The County of Westchester maintains three recreational facilities in Scarsdale including a public golf course. There are also two (2) private golf courses within the Village of Scarsdale.

The Scarsdale Public Library (the “Library”) is a property tax-supported institution for which the Village budget provides funds to cover the major costs of library service. The Library has undertaken a renovation, modernization and expansion project budgeted to cost \$20,275,501 and the project was completed in November 2021. Funding for the project was a combination of existing Library funds, grants, donations and Village funds.

The Village has started addressing infrastructure needs at the Scarsdale Municipal Pool Complex. The complex was built fifty years ago and needs extensive renovation and modernization. The Village has engaged a consulting firm for ideas and to survey the community to gain an understanding of the types of amenities the residents would like to see in capital project. Bonding is expected in the 2023/2024 fiscal year.

Educational Facilities

Scarsdale has long been known nationally for the excellence of its schools with approximately 95% of its students attending college. The 2017-2021 U.S. Census Bureau American Community Survey 5-Year Estimates Census data shows that 97.7% of all persons 25 years of age or older in the Village graduated from high school. In addition, the data also shows that 94.7% of the residents over 25 years of age have attended college and that 90.7% of such residents completed four years of college.

Governmental Organization

Scarsdale is a Village, a Town, and a subdivision of Westchester County. Usually a village is only a part of a town, but in Scarsdale the boundaries of village and town are coterminous. This unusual situation results in convenient and less expensive government, since the same people act both as Village authorities to administer local municipal affairs and as Town authorities to administer Town affairs as prescribed by State law. (For example, members of the Village Board of Trustees also serve as the Town Board members).

The Village's existence and powers derive from the State of New York. It operates under the New York State "Village Law", which provides for its governmental structure and defines its authority and the uses to which property may be put by the Village government. Scarsdale also functions under the New York State "Home Rule Law", which permits the Village to manage its own affairs within stated limits.

The Village is governed by a Mayor and a Board of six Trustees, three of whom are elected annually. Traditionally, the Mayor serves only one two-year term and a Trustee not more than two two-year terms. The Mayor and the Trustees serve on a non-salaried, part-time basis. The Village Board has the management and control of the Village's finances and property, and the authority to pass laws and ordinances consistent with State Law.

A local law establishing the office and fixing the duties of Village Manager was adopted in 1949. The full-time salaried Village Manager, appointed by and responsible to the Village Board, is the administrative head of all Village departments.

Town Government

The Town Government is responsible for supervision of elections, assessment of land and buildings, the sale of tax liens and the issuance of marriage licenses. The Town Custodian of Taxes collects County taxes as well as school taxes, although the Town has no control over County or school costs or administration.

The Town Assessor fixes the value of each parcel of property for the purpose of computing real estate taxes, with the exception of utility franchise companies such as Con Edison and Verizon. Such properties are assessed by the State of New York and such assessments utilized by the Town in determining the tax.

Village Employees

The Village has a total of 232 full-time employees. The following table shows the number of Village employees with union affiliations.

<u>Union Representation:</u>	<u>Expiration Date of Contract</u>
CSEA (Clerical and Technical)	29 May 31, 2022
Teamsters (Public Works)	54 May 31, 2020 ⁽¹⁾
Teamsters (Facilities Maintenance).....	9 May 31, 2020 ⁽¹⁾
Teamsters (School Guards)	14 May 31, 2019 ⁽¹⁾
CSEA (Library)	15 May 31, 2022
PBA (Sergeants, Detectives, Patrolmen).....	42 May 31, 2025
UFFA (Captains and Fire Fighters).....	44 May 31, 2021 ⁽¹⁾
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(1) Currently in negotiation.

The Village conducts labor negotiations with its employee organizations in accordance with the New York State Taylor Law. To further employee-employer labor relations, the Village continually meets with union representatives to discuss a wide variety of labor-related issues.

Employee Pension Benefits

Substantially all employees of the Village are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State Local Police and Fire Retirement System ("PFRS"). The obligations of employers and employees to contribute and the benefits to employees are governed by the New York Retirement and Social Security Law ("NYSRSSL"). The system offers retirement 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. As of April 9, 2022, Tier 5 and 6 members only need five years of service credit to be vested. This affects members of both ERS and PFRS. Previously, Tier 5 and 6 members needed 10 years of service to be eligible for a service retirement benefit.

NYSRSSL provides that all participating employers in the ERS are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to participating employers. Participating employers are required to make 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. All full-time employees and certain part-time employees participate in the retirement system. Since the Village joined the ERS after July 27, 1976, each participating employee who was hired on or before Dec. 31, 2009 is required to contribute 3% of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement System, at which time contributions become voluntary. Members hired after January 1, 2010 through and including March 31, 2012 must contribute three percent of their gross annual salary toward the costs of retirement programs for the duration of their employment.

The Village is authorized 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 Village that municipalities can elect to make employer contribution payments in December of any year, prior to the scheduled payment date in the following February. If such payments are made in December prior to the scheduled payment date of February, such payments may be made at a discounted amount.

On December 12, 2009, a new Tier V was signed into law. The legislation creates a new Tier V pension level. Key components of the Tier include: (1) raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to 62, (2) requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits, (3) increasing the minimum years of service required to draw a pension from 5 years to 10 years, and (4) capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages. The foregoing provisions are applicable to employees hired on or after January 1, 2010.

On March 15, 2012, a new Tier VI was signed in to law. The legislation is effective for new ERS and PFRS employees hired on or after April 1, 2012. Among other provisions, the new Tier VI: (1) increases employee contribution rates from 3% to 6% (depending on the level of salary), (2) increases the retirement age from 62 years to 63 years, (3) readjusts the pension multiplier and (4) changes the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

The State Retirement System experienced negative investment performance in 2008 and 2009. Additionally, portfolio returns in succeeding years have trended downward from the original 8% expected rate of return, resulting in the Retirement System dropping its long term expected rate of return to the current 5.90% for 2023-2024. As a result, the employer contribution rate has continued to be higher than the statutory 4.50% minimum contribution rate established by law. 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 law in the near-term. To mitigate the expected increases in the employer contribution rate, legislation has been enacted that permits local governments and school districts to borrow a portion of their required payments from the State pension plan at an interest rate of 5%. The legislation also requires those local governments and school districts, who decide to amortize their pension obligations pursuant to the law, to establish reserve accounts to fund payment increases that are a result of fluctuations in pension plan performance. The Village has not amortized any pension obligations to date.

Payments by the Village to the Retirement Systems for the past five fiscal years are as follows:

	<u>ERS</u>	<u>PFRS</u>
2018	2,041,870	2,571,900
2019	2,035,239	2,539,289
2020	2,038,821	2,540,132
2021	1,843,134	2,954,957
2022	1,820,928	3,083,445

Other Post-Employment Benefits

The Village implemented GASB Statement No. 75 (“GASB 75”) of the Governmental Accounting Standards Board (“GASB”), which replaces GASB Statement No. 45 as of fiscal year ended December 31, 2018. GASB 75 requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits, known as other post-employment benefits (“OPEB”). GASB 75 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB similarly to GASB Statement No. 68 reporting requirements for pensions.

GASB 75 requires state and local governments to measure a defined benefit OPEB plan as the portion of the present value of projected benefit payments to be provided to current active and inactive employees, attributable to past periods of service in order to calculate the total OPEB liability. Total OPEB liability generally is required to be determined through an actuarial valuation using a measurement date that is no earlier than the end of the employer’s prior fiscal year and no later than the end of the employer’s current fiscal year.

GASB 75 requires that most changes in the OPEB liability be included in OPEB expense in the period of the changes. Based on the results of an actuarial valuation, certain changes in the OPEB liability are required to be included in OPEB expense over current and future years.

The Village’s total OPEB liability as of May 31, 2022 was \$134,865,836 using a discount rate of 3.16% and actuarial assumptions and other inputs as described in the Village’s May 31, 2022 annual comprehensive financial report.

Should the Village be required to fund the total 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 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 will continue funding this expenditure on a pay-as-you-go basis.

Legislation had been introduced in the last two legislative sessions to create an optional investment pool to help the State and local governments fund retiree health insurance and OPEB. The proposed legislation would authorize the creation of irrevocable OPEB trusts so that the State and its local governments can help fund their OPEB liabilities, establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments, designate the president of the Civil Service Commission as the trustee of the State’s OPEB trust and the governing boards as trustee for local governments and allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established. Under the proposed legislation, there would be no limits on how much a local government can deposit into the trust. Such legislation has not been considered for a full legislative approval and the Village cannot predict whether such legislation will be enacted into law in the foreseeable future.

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FINANCIAL FACTORS

Impacts of COVID-19

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021. Included in this bill was \$350 billion in direct aid to state and local governments. Payments to local governments will be made in two tranches, the first half 60 days after enactment and the second half one year later. The funding is available through, and must be spent by, the end of calendar year 2026.

Specifically, eligible uses of the aid include: (i) revenue replacement for the provision of government services to the extent the reduction in revenue is due to the COVID-19 public health emergency relative to revenues collected in the most recent fiscal year prior to the emergency; (ii) premium pay for essential workers; (iii) assistance to small businesses, households, and hard-hit industries, and economic recovery; and (iv) investments in water, sewer and broadband infrastructure. The bill also contains two restrictions on eligible uses: (i) funds cannot be used to directly or indirectly offset tax reductions or delay a tax increase; and (ii) funds cannot be deposited into any pension fund.

The Village received a total of \$1,832,918 in aid from the American Rescue Plan Act. In June 2022, the Village approved projects to benefit the community and approved use of American Rescue Plan Act funding. The projects include enhancements to Public Safety with new radio equipment; Municipal Services with a traffic calming pilot, anti-icing equipment and pedestrian bridge repairs; operational efficiency with improvements to technology and Land Improvements with paving of surfaces.

Budgetary Procedures

The Village budget is operated on a June 1-May 31 fiscal year. At various times during the year, department heads make presentations to the Board of Trustees, and in December of each year, department heads are notified of their requirement to submit budget requests for the ensuing fiscal year. Such requests are based on previous years' expenditures, actual expenditures to date in the current year, and projected needs in the months ahead, as well as a fundamental review of the level and type of service needed by the community. Departmental requests are then reviewed in detail by the Budget Officer and Village Treasurer. Department heads subsequently meet with the Mayor and Members of the Board of Trustees for in-depth discussions of departmental needs. By late February, the Village Administration begins to meet with various citizen organizations for comprehensive reviews of preliminary estimates and general budget philosophy. Studies and reports prepared by these citizen committees are an important part of the budget process. Recommendations and suggestions resulting therefrom are frequently included in the final budget document.

By New York State Law, the tentative budget must be filed with the Village Clerk on or before March 20th. Copies of same are made available at this time to all interested persons. A public hearing on the tentative budget is held prior to April 15; any person has an opportunity to comment on this tentative budget. The final budget is adopted by resolution of the Board of Trustees prior to May 1.

Independent Audits

In addition to periodic audits by the State of New York, the Village's financial statements are audited annually by PKF O'Connor Davies, LLP. The fiscal year of the Village is June 1 through May 31. The Village's last audited financial statement covers the fiscal year ended May 31, 2022.

Summary statements of the results of operations for various funds, shown in Appendix B of this Official Statement, have been derived from the annual and audited financial reports of the Village and are provided in memorandum form for informational purposes only. The summaries themselves have not been audited.

Basis of Accounting

The Village maintains its records and reports on the modified accrual basis of accounting for recording transactions in all governmental funds. Under this method, (1) revenues are recorded when received in cash except that for revenues which are material and susceptible to accrual (measurable and available to finance the current year's

operations) which are recorded when earned, and (2) expenditures, other than retirement plan contributions, vacation and sick pay, and accrued interest are recorded at the time liabilities are incurred.

Annual Financial Report Update Document

New York State General Municipal Law Article 3, Section 30 requires every municipal corporation to make an annual report of its financial condition available to the Office of the State Comptroller (“OSC”). This report is not audited or prepared in accordance with GAAP. Filing deadlines for this Annual Financial Report Update Document (unaudited) (“AUD”) vary according to the municipal corporation’s fiscal year end. The Village’s filing deadline is 120 days after the close of the fiscal year. In recent years, the Village has filed its AUD in a timely manner and filed its 2022 AUD by the August 31, 2022 deadline.

Financial Controls

The Village Administration exercises control over all departmental expenditures.

Pursuant to Village Law, all expenditures of funds are audited by a member of the Board of Trustees and are formally approved by resolution of the Board of Trustees.

The Village Board and all Department Heads receive monthly statements of budget accounts from the Village Treasurer. In addition, monthly financial reports which give detailed descriptions and comparative analyses of the status of revenues and expenditures of all Village funds, are prepared for public distribution.

Investment Policy

As authorized by Section 11 of the General Municipal Law, the Village of Scarsdale authorizes the Village Treasurer to temporarily invest monies not required for immediate or near-term expenditure. The Village investment policy permits the following types of investments: (a) special time deposit accounts in designated depositories, subject to the collateral requirements discussed below; (b) certificates of deposit issued by designated depositories, subject to the collateral requirements discussed below; (c) obligations of the United States of America; (d) obligations issued or fully guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (e) obligations of the State of New York; (f) repurchase agreements limited to a maximum of fifteen days and in which the security purchased under the agreement is an obligation of the United States Government.

The Village Treasurer is authorized to contract for the purchase of investments either (i) directly or through a repurchase agreement from an authorized trading partner; or (ii) by participation in a cooperative investment program with another authorized governmental entity where the specific program has been authorized by the Village Board of Trustees.

In accordance with the provisions of General Municipal Law, Section 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 Section 10, at least equal to the aggregate amount of deposits.

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The State Comptroller’s Fiscal Stress Monitoring System and Compliance Reviews

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

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

The most current applicable report of the State Comptroller designates the Village as “No Designation” with a Fiscal Score of 5.0% and an Environmental Score of 3.3%.

See the State Comptroller’s official website for more information on FSMS. Reference to this website implies no warranty of accuracy of information therein.

The financial affairs of the Village are subject to periodic compliance reviews by OSC to ascertain whether the Village has complied with the requirements of various State and federal statutes. OSC has not released a formal report on the Village in the past five years. Additional information regarding State audits can be obtained by visiting the New York State website for Local Governments and School Accountability.

Revenue

The Village derives most of its revenues from a tax on real property. (See "Statement of Revenues, Expenditures and Changes in Fund Balance" in Appendix A, herein.) Property taxes accounted for 69.9% of total General Fund revenues for the fiscal year ended May 31, 2022, while State aid accounted for 2.6%.

Real Property Tax. The following table sets forth total General Fund revenues and real property taxes received for each of the last five fiscal years and the amounts budgeted for the current fiscal year.

General Fund Revenues & Real Property Taxes⁽¹⁾

<u>Fiscal Year</u>	<u>Total</u>	<u>Real Property</u>	<u>Real Property Taxes to Revenues</u>
2018	\$55,689,946	\$39,437,522	70.8%
2019 ⁽²⁾	51,056,656	36,630,545	71.7
2020	52,163,435	37,715,045	72.3
2021	52,346,085	38,990,306	74.4
2022	56,691,713	39,617,610	69.9
2023 (Adopted Budget)	61,263,310	44,816,000	73.2

(1) General Fund, Village-wide.

(2) GASB Guidance directed that \$4,051,016 in General Fund property tax revenue be reclassified as property tax revenue in the Library Fund for financial statement purposes only. The unadjusted totals of Total Revenues and Real Property Taxes are \$59,238,049 and \$42,039,493 respectively. Please see pages 66 and 73 in the 2019 Financial Statements.

Source: Village Audited Financial Statements and Adopted Budget. Summary table itself not audited.

State Aid. The Village receives financial assistance from the State. In its budget for the current fiscal year, approximately 4.6% of the total general fund revenues of the Village are estimated to be received in the form of State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Village, in any year, 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. Additionally, 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.

The State is not constitutionally obligated to maintain or continue State aid to the Village. No assurance can be given that present State aid levels will be maintained in the future. There can be no assurances that the State's financial position will not change materially or adversely from current projections. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Village, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also "RISK FACTORS" herein.)

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and the current Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy.

Reductions in federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the federal administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules.

The State's 2021-22 Enacted Budget provided \$10.8 billion in State funding to local governments. This funding available for use over multiple years, and is designed to support essential workers and government employees, assist COVID-19 vaccination efforts, boost local economies, and support local government services.

The Aid and Incentives for Municipalities ("AIM") program provides State aid to all of the State's cities (other than New York City), and 141 towns and villages. AIM was funded at \$656.1 million in the 2021-22 Enacted State Budget. The 2019-20 Enacted State Budget reduced AIM funding by \$59 million, eliminating aid for 1,325 towns and villages determined to be less reliant on AIM. At that time, the State established AIM-Related payments which continued funding for the impacted towns and villages in the amounts that they had previously received through AIM in State Fiscal Year 2018-2019. OSC is required to withhold certain county sales tax revenues and to make AIM-Related payments, paid in December and May each year, pursuant to Chapter 59 of the Laws of 2019.

The \$59 million reduction in the AIM program eliminated funding for those municipalities where the State deemed it was not necessary or significant, and provided that funding to those municipalities by intercepting \$59 million of sales tax revenue before any normal revenue share of sales tax occurred. The 2022-23 State Budget maintains the AIM program at its current level; however, the budget does put an end to the intercept of local sales tax to pay the \$59 million in AIM-Related payments for 479 villages and 846 towns.

Should the Village fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies, the Village is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

The following table sets forth total General Fund revenues and State aid revenues received for each of the last five fiscal years and the amounts budgeted for the current fiscal year.

<u>Fiscal Year Ending May 31:</u>	<u>State Aid</u>		
	<u>Total Revenues</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2018	\$55,689,946	\$1,168,230	2.1%
2019 ⁽¹⁾	51,056,656	940,507	1.8
2020	52,163,435	899,778	2.5
2021	52,346,085	1,297,200	3.1
2022	56,691,713	1,450,629	2.6
2023 (Adopted Budget)	61,263,310	2,813,000	4.6

(1) GASB Guidance directed that \$4,051,016 in General Fund property tax revenue be reclassified as property tax revenue in the Library Fund for financial statement purposes only. The unadjusted totals of Total Revenues and Real Property Taxes are \$59,238,049 and \$42,039,493 respectively. Please see pages 66 and 73 in the 2019 Financial Statements.

Source: Audited Financial Statements and Adopted Budget for the Village. Summary table itself not audited

Sales and Use Tax. Pursuant to the provisions of the County property tax stabilization and relief act (Section 1262-b of the State Tax Law) adopted in 1991, the Village receives a pro-rata share of the County sales and use tax. The political subdivisions in the County receiving the sales and use tax moneys are required to use these moneys to reduce local property taxes. The amount of sales and use taxes received by the Village for the last five years is shown below:

<u>Year</u>	<u>Amount</u>
2018	\$2,646,315
2019	2,775,447
2020	3,369,223
2021	3,721,369
2022	4,282,668

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Capital Planning and Budgeting

As part of the overall budgetary process, the Village Administration annually prepares a proposed Capital improvements budget. Such items as the annual street resurfacing program, equipment purchases (autos, machinery, etc.), drainage improvements and recreation plant improvements are included therein. Capital projects as outlined in the adopted budgets for fiscal years ended May 31, 2022 and May 31, 2023 appear below.

<u>Capital Project Category</u>	<u>Adopted Budget FYE 5/31/2022</u>	<u>Adopted Budget FYE 5/31/2023</u>
Recreation	\$ 0	\$450,000
Administration	667,300	379,000
Public Buildings	1,779,500	872,000
Highway Improvements	1,220,660	1,492,000
Drainage	1,383,000	932,961
Traffic & Parking	140,370	200,000
Land Improvements	15,000	635,000
Sanitary Sewers	<u>660,000</u>	<u>660,000</u>
Totals:	<u>\$5,865,830</u>	<u>\$5,620,961</u>

Source: Village of Scarsdale Adopted Budget Fiscal Years 2021-2022 and 2022-2023.

TAX INFORMATION

Valuations

Fiscal Year Ending May 31:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Taxable Assessed Valuation:	\$8,870,149,399	\$8,894,139,734	\$8,993,995,293	\$8,935,752,097	\$9,016,748,427
State Equalization Rate:	90.50%	94.00%	94.75%	98.80%	100.00%
Taxable Full Valuation:	\$9,801,270,054	\$9,461,850,781	\$9,492,343,317	\$9,044,283,499	\$9,016,748,427

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Tax Levy and Collection Record

Fiscal Year Ending May 31:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Tax Levy & Collection Record ¹ :					
Village Tax Levy ⁽¹⁾	\$ 39,575,839	\$ 40,237,709	\$ 41,421,739	\$ 41,829,112	\$ 43,080,582
School District Tax Levy ⁽²⁾	132,782,049	136,759,515	140,335,035	142,885,159	146,465,071
County and Special Districts Tax Levy ⁽³⁾	<u>42,166,868</u>	<u>40,389,141</u>	<u>38,478,980</u>	<u>37,215,202</u>	<u>35,745,463</u>
Total Taxes Levied:	\$214,524,756	\$217,386,365 ⁵	\$220,235,754	\$221,929,473	\$225,291,116
Collections During Year:					
Village	39,425,528	40,145,511	41,287,938	41,049,030	42,829,436
School District	132,206,439	136,229,767	139,346,573	141,766,780	145,465,074
County and Special Districts	<u>42,042,865</u>	<u>40,290,532</u>	<u>38,373,217</u>	<u>37,808,213</u>	<u>34,865,077</u>
Total Collections During Year:	\$213,674,832	\$216,665,810	\$219,007,728	\$220,624,023	\$223,159,587
Total Taxes Uncollected ⁽⁴⁾					
	\$1,149,924	\$1,290,514	\$1,288,026	\$1,305,450	\$2,131,529
% Collected Taxes	99.60%	99.67%	97.96%	99.41%	99.05%

(1) Village fiscal year is June 1 to May 31. Taxes are billed July 1.

(2) School District fiscal year is from July 1 to June 30. Taxes are billed September 1.

(3) County of Westchester is on a calendar year basis. County taxes were billed April 1.

(4) Taxes uncollected through tax sale or filing of list of delinquent taxes.

Tax Rates Per \$1,000 (Assessed)

Fiscal Year Ending May 31:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Tax Rates (per \$1,000)					
Village of Scarsdale	\$4.4164	\$4.5154	\$4.6331	\$4.6948	\$4.18845
School District Tax Rate	15.2606	15.6913	15.9769	16.2227	16.503089
County Tax Rate-Total	3.6267	3.4470	3.3332	3.3321	3.1804
Bronx Valley Sanitary Sewer District	0.5060	0.4988	0.4726	0.4726	0.4322
Hutchinson Valley Sewer District	0.5114	0.4601	0.4374	0.4374	0.3820
Mamaroneck Valley Sanitary Sewer District	0.6337	0.6026	0.6137	0.6137	0.5878
Refuse Disposal District No. 1	0.3146	0.2861	0.2739	0.2739	0.2880

(1) Tax rates are based on revalued full market value.

Tax Levy Limit 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 New York State Legislature may from time to time impose additional limitations on the ability to issue new indebtedness or to raise taxes therefor.

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limit Law” or the “Law”). The Tax Levy Limit 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 five members of the seven-member Board of Trustees of the Village would be required. The Board of Trustees of the Village would also be required to act by Local Law rather than simply by resolution, and a public hearing would be required. The Village exceeded the Tax Levy Limit in the fiscal year ended 2018. The Village did not exceed the cap in fiscal years ending 2019, 2020, 2021, 2022 and does not exceed the cap in the Adopted Budget for 2023.

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 June 24, 2011 and post June 24, 2011 notes and bonds and meet its other governmental responsibilities is uncertain.

Tax Collection Procedure

The assessment of real property and collection of real estate taxes is governed by the Real Property Tax Law of the State of New York and the Westchester County Charter and Code. Towns and cities in Westchester County are responsible for assessing all real property within their boundaries with the exception of franchise utility companies and for collecting all real property taxes. In the case of the Village of Scarsdale, the Village, acting as a town, collects all County, school and special district taxes and the Village also collects the Village tax levy. The Village receives warrants for the collection of taxes from the County of Westchester and from the Scarsdale school district. The Village then remits the amount of the County and school district warrants at times set forth in the Westchester County Charter and Code. The Village is required to remit the full amount of each warrant presented by the County and school district, whether or not these sums are actually collected by the Village. The Village absorbs the responsibility for conducting in rem foreclosure proceedings. The taxes collected and the record of such collections for the fiscal years May 31, 2018 through May 31, 2022 is set forth in "Tax Information" herein.

County and Special District taxes for the period from January 1st to December 31st are due in a single payment on April 1st. Payment may be made without penalty until April 30th, after which the penalty is 2% during May, 5% during June and July, 7% during August and September, 10% during October, November and December, and 12% if paid prior to April 30. Thereafter, additional penalties will accrue until the date that all taxes and assessments are paid.

Village taxes for the period from June 1st to May 31st are due in a single payment on July 1st. Payment may be made without penalty until August 1st, after which the penalty is 2% during August and 1% additional per month thereafter.

School taxes for the period from July 1st to June 30th are due on September 1st without penalty until September 30th, after which the penalty is 2% during October, 5% during November, 7% during December and January, 10% during

February and March, and 12% during April. Thereafter, additional penalties will accrue until the date that all taxes and assessments are paid.

Tax Certiorari Matters

From time to time the Village is involved in certiorari proceedings where taxpayers seek reduction in the assessed value of property upon which real property taxes are calculated. A reduction in assessed valuation may result in a refund of real property taxes previously paid by the claimant.

The following schedule is a compilation of the amounts budgeted and expenditures incurred by the Village, for the refund of real property taxes.

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Adopted Budget	\$200,000	\$200,000	\$190,000	\$190,000	\$300,000	\$200,000
Expenditures	375,573	171,762	116,101	139,723	147,176	0 ⁽¹⁾

(1) Year to date.

There are numerous tax certiorari proceedings against the Village filed each year alleging over assessments of real property and seeking property tax refunds. The Village is unable to predict the outcome of these pending cases and future filings, but historically where refunds are granted they are considerably less than claimed by the petitioners. Nevertheless, annually the Village includes appropriations in its operating budget to pay tax certiorari claims. In the past the Village has been successful in structuring payouts over multiple fiscal years to stay within budgeted amounts. In the event that budgetary appropriations are not sufficient to pay any claims for which it is responsible in any given year or to mitigate the impact of any such claims on future budgets, the Village is authorized to under applicable law and may finance any judgment or settlement, if necessary.

Ten Largest Taxpayers 2022

<u>Name</u>	<u>Type</u>	<u>2022 Assessed Valuation</u>
Con Edison	Public Utility	\$112,713,439 ⁽¹⁾
Scarsdale Improvement Co.	Commercial Properties	42,540,000
Popham Hall LLC	Apartments	26,000,000
Scarsdale Chateaux	Cooperative Apartments	25,428,597
CH Realty VIII/R	Commercial	22,500,000
Heathcote-Overhill Corp.	Cooperative Apartments	17,745,085
2 Overhill Road	Commercial	15,611,250
Private Residence ²	Residential	14,962,500
Private Residence	Residential	13,832,000
CH Retail Fund II/NYC	Commercial	12,100,000

(1) Includes applicable franchise assessments for utilities.

(2) Tax certiorari claims pending.

Source: Village Tax Assessment Rolls.

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VILLAGE INDEBTEDNESS

Constitutional and Statutory Requirements

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

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, or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose determined by statute or, in the alternative, the weighted average period of probable usefulness of the several purposes for which such indebtedness is to be contracted, unless the Village determines to issue debt amortized on the basis of 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 of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such powers. As has been noted under “*Nature of the Obligation*”, 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 Tax Levy Limit Law imposes a statutory limitation on the Village’s power to increase its annual tax levy, unless the Village complies with certain procedural requirements to permit the Village to levy certain year-to-year increases in real property taxes. (See “*Tax Levy Limit Law*” herein).

Debt Limit. The Village has the power to contract indebtedness for any Village purpose so long as the principal amount thereof shall not exceed seven per centum of the most recent five-year average full valuation of taxable real estate of the Village and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the final equalization rate as determined by the State Board of Real Property Services. The State Legislature is required to prescribe the manner by which such rate shall be determined. The average full valuation is determined by taking the sum of full valuations of such last completed assessment roll and the four preceding assessment rolls, and dividing such sum by five.

Statutory Procedures

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

Pursuant to the Local Finance Law, the Village authorizes the incurrence of indebtedness, including bonds and bond anticipation notes issued in anticipation of such bonds, by the adoption of a resolution, approved by at least two-thirds of the members of the Village Board, the finance board of the Village. Certain such resolutions may be subject to permissive referendum, or may be submitted to the Village voters at the discretion and (3/5) three-fifths vote of the Village Board.

The Local Finance Law also provides for a twenty-day statute of limitations after publication of a bond resolution (in summary or in full), together with a statutory notice which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. Except on rare occasions, the Village follows the estoppel procedure, but it is not a legal requirement.

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

Each bond resolution also authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York permits notes to be renewed each year provided that principal is amortized and provided that such renewals do not (with certain exceptions) extend more than five years beyond the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such renewal limitation and may be renewed subject to annual reductions of principal for the entire period of probable usefulness of the purpose for which such notes were originally issued. In 2020, the State legislative adopted legislation permitting bond anticipation notes issued originally during calendar years 2015 through 2021, to be renewed for seven years from the date of the original bond anticipation notes. (See “*Payment and Maturity*” under “*Constitutional and Statutory Requirements*”.)

In addition, under each bond resolution, the Village Board may delegate the power to issue and sell bonds and notes to the Village Treasurer, the chief fiscal officer of the Village.

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

Trend of Outstanding Indebtedness

Year Ending	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023⁽¹⁾</u>
May 31:					
Bonds	\$26,685,000	\$24,965,000	\$23,520,000	\$21,460,000	\$19,355,000
Bond Anticipation Notes	300,000	0	1,750,000	1,750,000	1,735,000
EFC Financing	<u>1,330,000</u>	<u>1,265,000</u>	<u>1,200,000</u>	<u>1,135,000</u>	<u>1,070,000</u>
Total Debt Outstanding	<u>\$28,315,000</u>	<u>\$26,230,000</u>	<u>\$26,470,000</u>	<u>\$24,345,000</u>	<u>\$21,160,000</u>

(1) Unaudited.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Village evidenced by bonds and notes as of January 5, 2023.

	<u>Maturity</u>	<u>Amount</u>
Bonds	2023-2039	\$19,700,000
EFC Bonds	2023-2037	1,135,000
Bond Anticipation Notes ⁽¹⁾	February 1, 2023	<u>1,750,000</u>
Total Debt Outstanding		<u>\$21,840,000</u>

(1) To be redeemed with the proceeds from the sale of the Notes (see “*Authority for and Purpose of the Notes*” herein).

Constitutional Debt-Contracting Limitation

Debt Contracting Limitation

<u>Assessment Roll</u>	<u>Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Equalization Rate</u>	<u>Full Valuation</u>
2017	2018	\$8,870,149,399	90.50	\$ 9,801,270,054
2018	2019	8,894,139,734	94.00	9,461,850,781
2019	2020	8,993,995,293	94.75	9,492,343,317
2020	2021	8,935,752,097	98.80	9,044,283,499
2021	2022	9,016,748,427	100.00	<u>9,016,748,427</u>
Total Five-Year Full Valuations				<u>\$46,816,496,078</u>
Average Full Valuation				<u>\$ 9,363,299,216</u>
Debt Limit – Seven (7) per centum of Average Full Valuation				<u>\$ 655,430,945</u>

Source: Office of the State Comptroller, Real Property Services

Debt Statement Summary

Summary of indebtedness, debt limit and net debt-contracting margin as shown on a debt statement prepared as of January 5, 2023.

Average Full Valuation of Taxable Real Property	\$9,363,299,216
Debt Limit (7% thereof)	\$655,430,945
<u>Inclusions:</u>	
Bonds.....	\$19,700,000
EFC Bonds	1,135,000
Bond Anticipation Notes	<u>1,750,000</u>
	\$22,585,000
<u>Exclusions:</u>	
Appropriations.....	\$ 345,000
Water Debt	<u>5,644,480</u>
	\$ 5,989,480
Net Bonded Indebtedness	\$16,595,520
Net Debt-Contracting Margin.....	<u>\$638,835,425</u>
Percent of Debt-Contracting Power Exhausted	<u>2.5%</u>

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The table below sets forth both the total outstanding principal amount of debt issued by the Village and the approximate magnitude of the burden on taxable property in the Village of the debt instruments issued and outstanding by such other political units. Authorized but unissued debt has not been included.

Statement of Direct and Estimated Overlapping Indebtedness

Gross Direct Indebtedness	\$22,585,000
Exclusions and Deductions	<u>5,989,480</u>
Net Direct Indebtedness	<u>\$16,595,520</u>

Overlapping Debt

<u>Issuer</u>	<u>Outstanding</u>	<u>As of</u>	<u>Estimated Share</u>	<u>Amount Applicable to Village</u>
Westchester County	\$927,705,719	11/17/22	4.40%	\$40,819,052
Scarsdale UFSD	63,660,000	06/30/22	95.70%	60,922,620
Sewer and Waste Districts	18,605,864	12/31/21	various	<u>1,674,528</u>
Total Net Overlapping Debt				\$103,416,200
Total Net Direct Debt				<u>16,595,520</u>
Total Net Direct and Overlapping Debt				<u>\$120,011,720</u>

Sources: Data provided by Village, County, and District Officials.

Debt Ratios

The following table presents certain debt ratios relating to the Village's net direct and estimated overlapping indebtedness.

	<u>Amount</u>	<u>Debt Per Capita⁽¹⁾</u>	<u>Debt to Full Value⁽²⁾</u>
Net Direct Indebtedness	\$16,595,520	\$925.11	0.18%
Net Direct and Overlapping Indebtedness	120,011,720	6,689.99	1.33

(1) The population of the Village is estimated at 17,939 as of 2021. Source: US Census Bureau American Community Survey 1-year Estimate.

(2) The Village's full value of taxable real property for fiscal year 2022 is \$9,016,748,427.

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Bonded Debt Service

The following table sets forth all principal and interest payments required on the Village's outstanding bonded indebtedness, exclusive of NYS Environmental Facilities Corporation water revenue bonds, for future fiscal years ending May 31.

Fiscal Year Ending May 31st:	Principal	Interest	Total Debt Service
2023 ⁽¹⁾	\$2,105,000	\$607,543	\$2,712,543
2024	2,160,000	529,118	2,689,118
2025	2,120,000	454,699	2,574,699
2026	1,260,000	396,930	1,656,930
2027	1,280,000	355,768	1,635,768
2028	1,315,000	314,880	1,629,880
2029	1,150,000	278,555	1,428,555
2030	1,055,000	248,580	1,303,580
2031	1,075,000	223,830	1,298,830
2032	1,100,000	198,080	1,298,080
2033	1,130,000	170,813	1,300,813
2034	1,160,000	141,391	1,301,391
2035	1,190,000	109,737	1,299,737
2036	1,215,000	75,865	1,290,865
2037	1,250,000	40,213	1,290,213
2038	445,000	17,678	462,678
2039	450,000	9,000	459,000
Totals	<u>\$21,460,000</u>	<u>\$4,172,680</u>	<u>\$25,632,680</u>

(1) For entire fiscal year.

Authorized but Unissued

The Village has \$3,190,000 authorized for the South Meadowbrook drainage project. A Westchester County grant of up to \$1,450,000 partially funded this project. In addition, a commitment of \$1,740,000 in financing was secured from the NYS Environmental Facilities Corp. which was ultimately reduced to \$1,640,000 based on the revised project cost estimates. The Village plans to de-authorize the unissued amount of \$1,550,000. The Village also has \$4,235,000 authorized for the Sheldrake River drainage project. The scope of the project was reduced and the Village was awarded a New York State Department of Environmental Facilities grant of \$1,400,000 of which a local match of 25%, or \$350,000, was funded through a combination of \$297,292 in Village cash and \$52,708 of in-kind personal services. Upon completion of the project and evaluation of the efficacy of the improvements, the remaining unissued debt amount will be de-authorize. In addition, the Village has \$5,800,000 authorized for improvements to the water supply and distribution system. The Village has issued \$4,800,000 in bonds with \$1,000,000 remaining as authorized but unissued.

Short-Term Cash-Flow Indebtedness

In the past 40 years, the Village has not sold budget, revenue or tax anticipation notes. The timing of the receipt of taxes and other revenues and its need for such money, together with its control of the timing of expenditures, has enabled the Village to minimize the need for short-term financing of this type.

ECONOMIC AND DEMOGRAPHIC DATA

Population Trends

	<u>Village of Scarsdale</u>	<u>Westchester County</u>	<u>New York State</u>
1960	17,968	808,891	16,782,304
1970	19,229	894,104	18,241,266
1980	17,650	866,599	17,558,072
1990	16,987	874,866	17,990,455
2000	17,823	923,459	18,976,457
2010	17,166	949,113	19,378,102
2020	18,253	1,004,457	20,201,249
2021	17,939	997,895	19,835,913

Source: United States Bureau of the Census.

Personal Income

Median household income and per capita income in the Village of Scarsdale are among the highest for any community in the United States. The following table shows the median household income and per capita income of the Village, Westchester County, New York State and the United States for 2021 as reported by the United States Department of Commerce, Bureau of the Census:

	<u>Village of Scarsdale</u>	<u>Westchester County</u>	<u>New York State</u>	<u>United States</u>
Median Household Income (2021)	\$250,000	\$105,387	\$75,157	\$69,021
Per Capita Income (2021)	\$155,177	\$61,830	\$43,208	\$37,638

Unemployment Rate Statistics

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

Yearly Average Unemployment Rates

<u>Year</u>	<u>County</u>	<u>State</u>
2017	4.5%	4.7%
2018	3.9	4.1
2019	3.6	3.8
2020	8.0	9.9
2021	4.8	6.9

Source: New York State Department of Economic Development; Bureau of Economic and Demographic Information.

Monthly Unemployment Rates

<u>Month</u>	<u>County</u>	<u>State</u>
October 2021	3.7%	5.3%
November	3.3	4.9
December	2.9	4.5
January 2022	3.6	5.3
February	3.8	5.1
March	3.5	4.7
April	3.0	4.2
May	3.0	4.1
June	3.1	4.3
July	3.5	4.8
August	3.6	4.9
September	2.9	3.9
October	2.3	3.6

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

End of Appendix A

APPENDIX B

SUMMARY OF BUDGETS AND FINANCIAL STATEMENTS

VILLAGE OF SCARSDALE
WESTCHESTER COUNTY, NEW YORK

Adopted Budgets - General Fund*
Fiscal Year ending May 31:

Year Ended May 31:	Adopted Budget 2021-2022	Adopted Budget 2022-2023
<u>REVENUES</u>		
Real Property Taxes	\$43,206,000	\$44,816,000
Other Tax Items	265,000	300,000
Non Property Tax Items	4,039,000	4,299,000
Departmental Income	3,435,345	4,399,310
Intergovernmental Charges	35,000	35,000
Use of Money and Property	711,000	880,000
Licenses and Permits	1,906,000	2,372,000
Fines and Forfeitures	363,000	363,000
Sale of Property, Other	79,000	41,000
Miscellaneous	795,000	320,000
Interfund Revenues	657,000	625,000
State Aid	2,044,600	2,813,000
	\$57,535,945	\$61,263,310
Total Revenues	\$57,535,945	\$61,263,310
Appropriated Fund Balance	2,580,000	1,170,000
Total Revenues and Appropriated Fund Balance	\$60,115,945	\$62,433,310
<u>EXPENDITURES</u>		
General Government Support	9,589,144	7,696,821
Transportation	3,326,080	4,149,282
Public Safety	14,236,512	15,316,791
Culture and Recreation	3,368,096	4,157,453
Home & Community Services	3,559,624	5,071,344
Employee Benefits	17,328,000	16,975,080
Debt Service	2,215,454	2,327,789
	\$53,622,910	\$55,694,560
Total Expenditures	\$53,622,910	\$55,694,560
Excess (Deficiency) of Revenues Over Expenditures	6,493,035	6,738,750
Other Financing Sources (Uses):		
Operating Transfers In		
Operating Transfers Out	(6,493,035)	(6,738,750)
Total Other Financing Uses	(6,493,035)	(6,738,750)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses (1)	0	0

*Summary not audited

Source: Annual Budgets of the Village of Scarsdale.

VILLAGE OF SCARSDALE
WESTCHESTER COUNTY, NEW YORK
Balance Sheet*
General Fund
Fiscal Year Ended May 31:

As of May 31:	2021	2022
<u>ASSETS</u>		
Cash and Equivalents	\$10,107,981	\$5,094,804
Investments	15,016,892	25,891,913
Taxes Receivable	685,460	596,666
Receivables:		
Accounts	127,464	294,973
Special Assessments	0	0
State and Federal Aid	929,616	752,269
From Other Funds	25,163	0
Other Governments	0	0
Prepaid Expenditures	676,805	6,398
TOTAL ASSETS	\$27,569,381	\$32,637,023
<u>LIABILITIES</u>		
Accounts Payable	\$331,488	\$464,893
Accrued Liabilities	1,635,288	1,613,445
Deposits Payable	3,479,689	3,591,415
Overpayments	10,762	13,381
Due to Other Funds	786,156	0
Unearned Revenues	696,179	1,964,764
Deferred Inflows of Resources not Available	122,868	122,868
Deferred Revenue - Taxes	685,460	596,666
Taxes Collected in Advance	0	0
TOTAL LIABILITIES	\$7,747,890	\$8,367,432
<u>FUND BALANCE</u>		
Nonspendable	676,805	6,398
Restricted	98,885	99,143
Assigned	8,265,607	5,837,041
Unassigned	10,780,194	18,327,009
TOTAL FUND BALANCE	\$19,821,491	\$24,269,591
TOTAL LIABILITIES AND FUND BALANCE	\$27,569,381	\$32,637,023

*Summary not audited

Source: Audited financial statements of the Village of Scarsdale.

VILLAGE OF SCARSDALE
WESTCHESTER COUNTY, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balance*
General Fund
Fiscal Year Ended May 31:

Year Ended May 31:	2018	2019	2020	2021	2022
REVENUES					
Real Property Taxes	\$39,146,629	\$36,416,687	\$37,473,093	\$38,040,469	\$39,031,737
Other Tax Items	290,893	213,858	241,952	949,837	585,873
Non-property Taxes	3,477,398	3,625,908	4,176,176	4,496,493	5,112,959
Departmental Income	4,324,600	4,341,337	3,936,601	2,190,620	4,465,927
Intergovernmental	37,854	86,062	13,455	54,817	54,796
Use of Money and Property	1,036,111	1,200,543	1,306,685	586,980	642,128
Licenses and Permits	2,074,315	1,690,107	1,728,651	2,371,749	2,787,100
Fines and Forfeitures	903,850	876,870	554,244	197,086	438,772
Interfund Revenues	530,630	530,630	530,630	480,630	500,000
Sale of Property/Loss Comp.	1,250,252	130,302	90,185	217,420	53,852
State and Federal Aid	1,168,230	940,507	899,778	1,297,200	1,450,629
Miscellaneous	1,449,184	1,003,845	1,211,985	1,462,784	1,567,940
Total Revenues	\$55,689,946	\$51,056,656	\$52,163,435	\$52,346,085	\$56,691,713
EXPENDITURES					
General Government Support	8,516,264	8,678,661	8,739,145	8,558,780	9,234,493
Public Safety	12,957,353	13,827,873	13,539,440	13,245,183	14,812,035
Culture and Recreation	2,759,325	2,760,061	2,540,066	1,618,426	3,096,664
Home & Community Services	7,812,947	7,608,194	7,197,652	7,375,588	7,852,270
Employee Benefits	14,841,573	15,678,211	15,389,480	15,409,804	16,057,707
Debt Service	2,328,924	1,841,578	2,749,204	2,425,721	2,330,684
Total Expenditures	\$49,216,386	\$50,394,578	\$50,154,987	\$48,633,502	\$53,383,853
Excess of Revenues Over Expenditures	6,473,560	662,078	2,008,448	3,712,583	3,307,860
Other Financing Sources (Uses):					
Insurance Recoveries	53,765	9,363	28,627	3,592	0
Sale of Real Property	0	0	0	7,600	0
Refunded Bonds Issued	0	0	0	2,772,591	0
Issuance Premium	0	447,826	0	26,413	0
Payment to Refunded Escrow Agent	0	0	0	(2,742,565)	0
Operating Transfers In	1,495,437	1,459,587	1,357,571	1,326,000	2,528,861
Operating Transfers Out	(6,745,287)	(4,610,293)	(1,963,008)	(1,017,116)	(1,388,621)
Total Other Financing Uses	(5,196,085)	(2,693,517)	(576,810)	376,515	1,140,240
Excess of Revenues and Other Sources Over Expenditures and Other Uses	1,277,475	(2,031,439)	1,431,638	4,089,098	4,448,100
Fund Balance Beginning of Year	15,054,719	16,332,194	14,300,755	15,732,393	19,821,491
Fund Balance End of Year	\$16,332,194	\$14,300,755	\$15,732,393	\$19,821,491	\$24,269,591

*Summary not audited

Source: Audited financial statements of the Village of Scarsdale.

VILLAGE OF SCARSDALE
WESTCHESTER COUNTY, NEW YORK

Special Fund*

Fiscal Year Ended May 31:

Fiscal Year Ending May 31:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>TOWN OF SCARSDALE</u>					
Balance Beginning of Year	\$1,024,356	\$1,015,798	(\$152,611) **	\$101,481	(\$491,880)
Revenues	1,461,510	1,456,214	1,481,136	732,564	2,609,803
Expenditures	1,470,068	1,368,172	1,227,044	1,325,925	2,805,717
Balance End of Year	<u>\$1,015,798</u>	<u>\$1,103,840</u>	<u>\$101,481</u>	<u>(\$491,880)</u>	<u>(\$687,794)</u>
<u>LIBRARY FUND</u>					
Balance Beginning of Year	\$1,150,471	\$1,472,130	\$1,278,225	\$1,056,216	\$1,747,735
Revenues	3,670,610	3,640,723	3,742,838	3,826,001	4,094,157
Expenditures	3,348,951	3,834,628	3,964,847	3,134,482	3,693,857
Balance End of Year	<u>\$1,472,130</u>	<u>\$1,278,225</u>	<u>\$1,056,216</u>	<u>\$1,747,735</u>	<u>\$2,148,035</u>
<u>SPECIAL PURPOSE FUND</u>					
Balance Beginning of Year	\$1,051,182	\$1,088,101	\$1,229,251	\$1,051,376	\$1,182,381
Revenues	119,472	470,540	374,335	156,178	193,002
Expenditures	82,553	329,390	552,210	25,173	68,500
Balance End of Year	<u>\$1,088,101</u>	<u>\$1,229,251</u>	<u>\$1,051,376</u>	<u>\$1,182,381</u>	<u>\$1,306,883</u>
<u>WATER FUND</u>					
Balance Beginning of Year	\$3,119,520	\$2,204,505	\$2,119,984	\$2,680,831	\$4,344,519
Revenues	7,172,940	6,447,320	7,435,720	8,774,867	8,198,405
Expenditures	6,862,565	6,531,841	6,874,873	7,111,179	7,124,602
Balance End of Year	<u>\$3,429,895</u>	<u>\$2,119,984</u>	<u>\$2,680,831</u>	<u>\$4,344,519</u>	<u>\$5,418,322</u>
<u>POOL FUND</u>					
Balance Beginning of Year	\$974,375	\$919,475	\$669,605	\$502,728	\$187,867
Revenues	835,391	833,973	814,033	424,613	1,319,559
Expenditures	890,291	1,083,843	980,910	739,474	1,041,186
Balance End of Year	<u>\$919,475</u>	<u>\$669,605</u>	<u>\$502,728</u>	<u>\$187,867</u>	<u>\$466,240</u>

*Summary not audited

** Restated

Source: Audited financial statements of the Village of Scarsdale.

APPENDIX C

**LINK TO
INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
MAY 31, 2022**

Can be accessed on the Electronic Municipal Market Access (“EMMA”) website
of the Municipal Securities Rulemaking Board (“MSRB”)
at the following link:

<https://emma.msrb.org/P11675448.pdf>

**The audited financial statements referenced above are hereby incorporated into the attached
Official Statement.**

*** PKF O’Connor Davies, LLP, Certified Public Accountants has not commented on or
approved this Official Statement, has not been requested to perform any procedures on the
information in its included report since its date and has not been asked to consent to the
inclusion of its report in this Official Statement.**

APPENDIX D

FORM OF LEGAL OPINION

January 31, 2023

Village of Scarsdale,
County of Westchester,
State of New York

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

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Re: Village of Scarsdale, Westchester County, New York
\$1,735,000 Bond Anticipation Notes, 2023

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$1,735,000 Bond Anticipation Notes, 2023 (the "Obligation"), of the Village of Scarsdale, Westchester County, New York (the "Obligor"), dated January 31, 2023.

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

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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 an item of tax preference for purposes of the federal alternative minimum tax on individuals. 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, corporations subject to the alternative minimum tax on adjusted financial statement income, 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,

APPENDIX E

FORM OF EVENT NOTICES CERTIFICATE

**EVENT NOTICES CERTIFICATE
PURSUANT TO RULE 15c2-12 OF THE
SECURITIES AND EXCHANGE COMMISSION**

On the date hereof, the Issuer is issuing the Notes, and hereby undertakes, in accordance with the requirements of the Rule, as follows:

A. Definitions. As used in this Undertaking, the following terms have the meanings ascribed to such terms below:

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii); provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Issuer” means the Village of Scarsdale, Westchester County, New York.

“MSRB” means the Municipal Securities Rulemaking Board.

“Notes” means the Issuer’s \$1,735,000 Bond Anticipation Notes, 2023, dated January 31, 2023.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

“Undertaking” means this Disclosure Undertaking.

B. Event Notices. The Issuer shall provide notice of any of the following events with respect to the Notes to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax-exempt status of the Notes (if applicable) or other material events affecting the tax status of the Notes;
- (7) Modifications to rights of holders of the Notes, if material;

- (8) Bond or Note calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Notes, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the Issuer, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

The Issuer shall notify the MSRB, in a timely manner, of any failure by the Issuer to provide a notice described in “B”, above, by the time required by this Undertaking.

C. Filings with the MSRB. All notices and other documents provided to the MSRB in accordance with this Undertaking shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

D. Limitations, Disclaimers, and Amendments. The Issuer shall be obligated to observe and perform the covenants specified in this Undertaking for so long as, but only for so long as, the Issuer remains an “obligated person” with respect to the Notes within the meaning of the Rule.

The provisions of this Undertaking are for the sole benefit of the holders and beneficial owners of the Notes, and nothing in this Undertaking, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide only the notices which it has expressly agreed to provide pursuant to this Undertaking and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Undertaking or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Notes at any future date.

UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY NOTE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS UNDERTAKING, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the Issuer in observing or performing its obligations under this Undertaking shall constitute a breach of or default on the Notes.

Nothing in this Undertaking is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

The provisions of this Undertaking may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Undertaking, as so amended, would have permitted an underwriter to purchase or sell Notes in the primary offering of the Notes in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of the Notes consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and beneficial owners of the Notes. The Issuer may also repeal or amend the provisions of this Undertaking if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Issuer also may amend the provisions of this Undertaking in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Notes in the primary offering of the Notes, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule.

IN WITNESS WHEREOF, I have hereunto set my hand to this Disclosure Undertaking this January 31, 2023.

Village Treasurer