

OFFICIAL STATEMENT

RENEWAL

BOND ANTICIPATION NOTES

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax on individuals. Bond Counsel observes that interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision, thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "Tax Matters" herein.

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

CITY SCHOOL DISTRICT OF THE CITY OF WATERVLIET ALBANY COUNTY, NEW YORK

\$5,000,000

BOND ANTICIPATION NOTES, 2025 (RENEWALS) (the "Notes")

Dated Date: April 23, 2025

Maturity Date: April 23, 2026

Security and Sources of Payment: The Notes will constitute general obligations of the City School District of the City of Watervliet, Albany County, New York and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes. All the taxable real property within the District will be subject to the levy of ad valorem taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Notes. See "Nature of the Obligations" and "Tax Levy Limitation Law" herein.

Prior Redemption: The Notes may not be redeemed prior to maturity.

The Notes will be issued as registered notes, and at the option of the purchaser(s), may be registered to DTC or may be registered in the name of the purchaser(s).

If the Notes are issued through the DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as securities depository for the Notes. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. The purchaser(s) of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of principal of and interest on the Notes will be made by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owner of the Notes. (See "Book-Entry-Only System" herein.)

If the Notes are registered in the name of the purchaser(s), principal of and interest on the Notes will be payable in Federal Funds at the office of the District Clerk, Watervliet, New York. In such case, the Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof.

Payment: The Notes payment shall be made in Federal funds to the Beneficial Owners of the Notes by DTC Participants and Indirect through DTC Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name." Payment will be the responsibility of the DTC Participant or Indirect Participant and not of DTC or the District, subject to any statutory and regulatory requirements as may be in effect from time to time. (See "Book-Entry-Only System" herein.)

The Notes will be dated April 23, 2025 and will bear interest from that date until April 23, 2026, the maturity date. The Notes are NOT subject to redemption prior to maturity.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion, as to the validity of the Notes by Orrick, Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. It is expected that the Notes will be delivered in New York, New York or otherwise as may be agreed with the purchaser(s), on or about April 23, 2025.

THE DISTRICT 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 NOTES HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S) AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE NOTES DESCRIBED. THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE DISCLOSURE FOR THE NOTES AS DEFINED IN THE RULE. SEE "DISCLOSURE UNDERTAKING," HEREIN.

Dated: April 1, 2025

**CITY SCHOOL DISTRICT OF THE CITY OF WATERVLIET
ALBANY COUNTY, NEW YORK**

Board of Education

Mary Beth Whited
PRESIDENT

Brian White..... Vice President

Heather Soroka Board Member

Victoria Donnelly Board Member

Kyle Daniels Board Member

Dr. Donald W. Stevens Jr. Superintendent of Schools

Keith Heid..... School Business Manager

Bernadette Boardman District Clerk

BOND COUNSEL

ORRICK HERRINGTON & SUTCLIFFE, LLP
New York, New York

MUNICIPAL ADVISOR



Capital Markets Advisors, LLC
Hudson Valley * Long Island * Southern Tier

No dealer, broker, salesman or other person has been authorized by the City School District of the City of Watervliet 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. 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 City School District of The City of Watervliet 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 City School District of the City of Watervliet since the date hereof.

TABLE OF CONTENTS

| | | | |
|--|---|-------------------------------|----|
| THE NOTES | 1 | TAX MATTERS | 6 |
| Description of the Notes | 1 | LEGAL MATTERS | 9 |
| Authority for and Purpose of Issue | 1 | DISCLOSURE UNDERTAKING..... | 9 |
| Nature of Obligation..... | 2 | Prior Disclosure History..... | 10 |
| Book-Entry Only System..... | 3 | RATING..... | 10 |
| Certificated Obligations..... | 5 | MUNICIPAL ADVISOR | 10 |
| MARKET AND RISK FACTORS | 5 | MISCELLANEOUS..... | 11 |
| Cybersecurity..... | 6 | ADDITIONAL INFORMATION..... | 11 |

APPENDIX A

| | | | |
|--|------|---|------|
| THE DISTRICT | A-1 | Tax Collection Procedure | A-11 |
| General Information | A-1 | STAR - School Tax Exemption | A-11 |
| District Organization | A-1 | Largest Taxpayers for thhe 2024-25 Fiscal Year | |
| Financial Organization | A-1 | | A-12 |
| District Facilities | A-2 | DISTRICT INDEBTEDNESS | A-12 |
| Employees | A-2 | Constitutional Requirements..... | A-12 |
| Employee Pension Benefits | A-2 | Statutory Procedure | A-13 |
| Other Post-Employment Benefits..... | A-4 | Debt Limit and Net Indebtedness..... | A-14 |
| Investment Policy/Permitted Investments..... | A-5 | Trend of Outstanding Indebtedness | A-14 |
| FINANCIAL FACTORS | A-5 | Short Term Indebtedness | A-14 |
| Property Tax Revenue..... | A-6 | Bond Anticipation Notes | A-15 |
| State Aid | A-6 | Revenue Anticipation Notes and Tax Anticipation | |
| Recent Events Affecting New York School | | Notes..... | A-15 |
| Districts | A-7 | Overlapping and Underlying Debt..... | A-15 |
| The State Comptroller’s Fiscal Stress Monitoring | | Debt Ratios | A-16 |
| System | A-8 | Obligations Authorized but Unissued | A-16 |
| New York State Comptroller’s Audit..... | A-9 | Debt Service Schedule | A-16 |
| Budgetary Procedure..... | A-9 | ECONOMIC AND DEMOGRAPHIC DATA ... | A-17 |
| Independent Audit..... | A-9 | School Enrollment Trends | A-17 |
| TAX INFORMATION | A-9 | Largest Employers | A-17 |
| Real Property Tax Assessment and Rates | A-9 | Population..... | A-17 |
| Tax Limit..... | A-10 | Employment and Unemployment..... | A-17 |
| Tax Levy Limitation Law..... | A-10 | LITIGATION..... | A-18 |

APPENDIX B – FINANCIAL STATEMENT AND BUDGET SUMMARIES

APPENDIX C – LINK TO AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

APPENDIX D – FORM OF BOND COUNSEL OPINION

OFFICIAL STATEMENT

CITY SCHOOL DISTRICT OF THE CITY OF WATERVLIET ALBANY COUNTY, NEW YORK

Relating To

\$5,000,000

BOND ANTICIPATION NOTES, 2025 (RENEWALS)

This Official Statement presents certain information relating to the City School District of the City of Watervliet, County of Albany, State of New York (the "District," "County" and "State," respectively) in connection with the sale of \$5,000,000 Bond Anticipation Notes, 2025 (Renewals) (the "Notes").

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State as well as the acts and proceedings of the District 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 District relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

All financial and other information presented herein has been provided by the District from its records, except for information expressly attributed to other sources. The presentation of such information is intended to show recent historical data and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience will necessarily continue or be repeated in the future.

THE NOTES

Description of the Notes

The Notes will be issued as registered notes, and at the option of the purchaser, may be registered to DTC or may be registered in the name of the purchaser.

If the Notes are issued through the DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as securities depository for the Notes. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. The purchaser of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of principal of and interest on the Notes will be made by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owner of the Notes. (See "Book-Entry-Only System" herein.)

If the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the office of the District Clerk, Watervliet, New York. In such case, the Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof.

The Notes may not be redeemed prior to their stated maturity date.

Authority for and Purpose of Issue

The Notes are issued pursuant to the Constitution and laws of the State, including, among others, the Education Law and the Local Finance Law, and a bond resolution adopted by the Board of Education on December 10, 2019 and approved by the qualified voters of the District on February 4, 2020. The resolution authorizes the issuance of bonds in the amount of \$10,000,000 to finance capital improvements in and for the District. The proceeds of the Notes

along with \$2,000,000 of budgetary appropriations will be used to redeem and renew the District's \$7,000,000 bond anticipation note that was issued on April 24, 2024 and matures April 24, 2025.

Nature of Obligation

Each of the Notes when duly issued and paid for will constitute a contract between the District and the holder thereof.

Holders of any series of notes or bonds of the District 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 District and will contain a pledge of the faith and credit of the District 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 District has power and statutory authorization to levy ad valorem taxes on all real property within the District subject to such taxation by the District, without limitation as to rate or amount.

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

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

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

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

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

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

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

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

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

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository if so requested, for the Notes. If so requested, the Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered note certificate will be issued for the Notes bearing the same rate of interest and CUSIP and deposited with DTC.

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

securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). 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.

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 District 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).

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

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the District, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC or the District, 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 District, 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 District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The District 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 as applicable.

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

Source: The Depository Trust Company

THE INFORMATION CONTAINED IN THE ABOVE SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SAMPLE OFFERING DOCUMENT LANGUAGE SUPPLIED BY DTC, BUT THE DISTRICT TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. IN ADDITION, THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENTS BY DTC OR ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE NOTES OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS.

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

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

Certificated Obligations

In the event the purchaser elects to receive certificated Notes or if the District discontinues the use of the book-entry only system through DTC the Notes will be issued as certificated Notes.

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

The Notes will be issued in registered certificated form in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes would be payable, upon presentation, at the principal corporate trust office of a fiscal agent bank located and authorized to do business in the State of New York: (i) as selected by the initial purchaser of the Notes if such purchaser elects to receive certificated Notes; or (ii) as appointed by the District if the DTC system is discontinued.

MARKET AND RISK FACTORS

There are certain potential risks associated with an investment in the Notes, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

The District's credit rating could be affected by circumstances beyond the District's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of District property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. Accordingly, a decline in the District's credit rating could adversely affect the market value of the Notes.

In addition, if and when a holder of any of the Notes should elect to sell a Bond 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 Bonds. The price or principal value of the Notes is dependent on the prevailing level of interest rates. If interest rates should increase, the price of a bond or note may decline causing the bond or noteholder to potentially incur a capital loss if such bond or note is sold prior to its maturity.

The financial condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State, including, for example, the seeking by a municipality of remedies pursuant to the Federal Bankruptcy Act 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 at 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 District to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. 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, the impact to the State's economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. (See "State Aid" and "Events Affecting New York School Districts" herein).

Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

Cybersecurity

The District, 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 District 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 District 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 District digital networks and systems and the costs of remedying any such damage could be substantial.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax on individuals. Interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX – D".

To the extent the issue price of any maturity of the Notes is less than the amount to be paid at maturity of such Notes (excluding amounts stated to be interest and payable at least annually over the term of such Notes), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Notes which is excluded from gross income for federal income tax purposes and exempt from State of New York personal income taxes. For this purpose, the issue price of a particular maturity of the Notes is the first price at which a substantial amount of such maturity of the Notes is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Notes accrues daily over the term to maturity of such Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Notes. Owners of the Notes should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including the treatment of owners who do not purchase such Notes in the original offering to the public at the first price at which a substantial amount of such Notes is sold to the public.

Notes purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Notes") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of Notes, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and an owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such owner. Owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel is of the further opinion that the amount treated as interest on the Notes and excluded from gross income will depend upon the taxpayer's election under Internal Revenue Notice 94-84. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the stated interest payable at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes should be treated (i) as qualified stated interest or (ii) as part of the stated redemption price at maturity of the short-term debt obligation, resulting in treatment as accrued original issue discount (the "original issue discount"). The Notes will be issued as short-term debt obligations. Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat the stated interest payable at maturity either as qualified stated interest or as includable in the stated redemption price at maturity, resulting in original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Notes if the taxpayer elects original issue discount treatment.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The District has covenanted to comply with certain restrictions designed to ensure that interest on the Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes possibly from the date of original issuance of the Notes. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Notes.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Notes or the interest thereon if any such change occurs or action is taken or omitted.

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the owners regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt Notes is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of Notes presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the District or the owners to incur significant expense.

Payments on the Notes generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate owner of Notes may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Notes and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Notes. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against an owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel's opinion will be in substantially the form, attached hereto as Appendix D.

DISCLOSURE UNDERTAKING

This Official Statement is in a form "deemed final" by the District for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). At the time of the delivery of the Notes, the District will provide an executed copy of its "Undertaking to Provide Notices of Certain Material Events" (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the District for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, timely notice not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Notes:

- (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (vii) modifications to rights of Noteholders, if material; (viii) Note calls, if material, and tender offers;
- (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the District; (xiii) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; (xv) incurrence of a "financial obligation" (as defined in the "Rule") of the District, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation, any of which affect bondholders, if material; and (xvi) default, event of acceleration, termination event, modification of terms or other similar events under a financial obligation of the District, if any such event reflects financial difficulties.

The District has been advised of the new disclosure rules pertaining to "financial obligations" as defined in the Rule. Existing standard operating procedures of the District include initiation, oversight, and tracking of such "financial obligations" by the chief fiscal officer. Appropriate disclosure filings within the required timeframe is part of an existing contract with the District's financial advisor, acting in the capacity of dissemination agent of the District.

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

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

With respect to event (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the District, 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 District.

With respect to events (xv) and (xvi), the term “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). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule

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

The District’s Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Notes shall have been paid in full. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the District, and no person or entity, including a holder of the Notes, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the District to comply with the Undertaking will not constitute a default with respect to the Notes.

The District reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that, any such amendment or modification will be done in consultation with nationally recognized bond counsel in a manner consistent with Rule 15c2-12 as then in effect.

Prior Disclosure History

The District is in compliance, in all material respects, with all previous undertakings made pursuant to Rule 15c2-12 for the past five years.

RATING

The Notes have not been rated.

S&P Global (“S&P”) had assigned the District an underlying rating of “A” to the uninsured outstanding bonded indebtedness of the District.

Such rating reflects only the view of such organization and the District makes no representation as to the appropriateness of the ratings. There can be no assurance that such ratings will continue for any specified period of time or that such ratings will not be revised or withdrawn, if in the judgment of the rating agency circumstances so warrant. Any such change or withdrawal of such ratings may have an adverse effect on the market price of or the availability of a secondary market for the Notes.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC (the “Municipal Advisor”) has served as the independent financial advisor to the District in connection with the sale of the Notes.

In preparing this 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, and 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 District to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. 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.

MISCELLANEOUS

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are “forward-looking statements”, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the District management’s beliefs as well as assumptions made by, and information currently available to the District’s management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District’s files with the MSRB. When used in District documents or oral presentations, the words “anticipate,” “believe,” “intend,” “plan,” “foresee,” “likely,” “estimate,” “expect,” “objective,” “projection,” “forecast,” “goal,” “will,” or “should,” or similar words or phrases are intended to identify forward-looking statements.

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

Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the District, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.

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

Concurrently with the delivery of the Notes, the District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to limitation as to information in the Official Statement obtained from sources other than the District, as to which no representation can be made.

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

Information pertaining to the Final Official Statement may be obtained upon request after the date of the Final Official Statement from Capital Markets Advisors, LLC, Orchard Park, New York 14127, telephone (716) 662-3910; fax (716) 662-6684 or www.capmark.org.

This Official Statement has been duly executed and delivered by the President of the Board of Education and Chief Financial Officer of the District on behalf thereof.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the District’s Business Administrator, Keith Heid (518) 629-3203 e-mail: kheid5@vlietschools.org or from Capital Markets Advisors, LLC, Orchard Park, New York 14127, (716) 662-3910 and also available at www.capmark.org.

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

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

CITY SCHOOL DISTRICT OF THE CITY OF WATERVLIET

By: /s/ Mary Beth Whited
Mary Beth Whited
President of the Board of Education and
Chief Financial Officer

DATED: April 1, 2025

APPENDIX A

THE DISTRICT

General Information

The District, with an estimated population of 11,061, with an area of approximately 1.4 square miles, is located in the City of Watervliet and a portion of the Town of Colonie in Albany County.

The District is served by major highways, including New York State Routes 9R, 32, 470 and 787, as well as the New York State Thruway. Bus service is provided by the Capital District Transportation Authority. Air transportation is available at the Albany International Airport, five miles southwest of the District.

The District is primarily residential with a mixture of commercial and industrial sectors. Approximately 500 people work at the Watervliet Arsenal, which remains the city's leading employer; others work in state offices in Albany and other areas throughout the capital district. Operated by the U.S. Army and occupying more than 140 acres on the Arsenal Business & Technology Campus, the Watervliet Arsenal is the nation's oldest and only manufacturing facility of large-caliber cannon munitions capable of producing large volumes. The facility also houses the U.S. Army's Benet Laboratories, which conducts much of the products' research, development, and testing. Many residents commute to Albany, Schenectady and Troy for employment.

Water and sewer services are provided by the City of Watervliet, as are police and fire protection. Telephone service is provided by Verizon, while electricity and natural gas are provided by National Grid Power Corporation.

The District provides public education for grades K-12. Opportunities for higher education abound within a ten-mile radius; Rensselaer Polytechnic Institute, Russell Sage College and State University of New York at Albany are just a few of the many colleges and universities in the Albany/Troy area.

Banking facilities for the District residents are provided by Bank of America, Pioneer Bank and Key Bank.

District Organization

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, other laws generally applicable to the District, and any special laws applicable to the District. Under such laws, there is no authority for the District to have a charter or adopt local laws.

The legislative power of the District is vested in the Board of Education, which consists of five members including the President and Vice President. The administrative officers of the District, whose duty it is to implement the policies of the Board of Education and who are appointed by such Board, include the Superintendent of Schools, School Business Manager and District Clerk.

Financial Organization

Pursuant to the Local Finance Law, the President of the Board of Education is the chief fiscal officer of the District. However, certain of the operational financial functions of the District are the responsibility of the Superintendent of Schools and the School Business Manager.

District Facilities

The District operates two school buildings; statistics relating to each are shown below.

TABLE 1
School Statistics

| <u>Name</u> | <u>Grades</u> | <u>Capacity</u> | <u>Year Built</u> |
|-------------------------|---------------|-----------------|-------------------|
| Watervliet Elementary | K-6 | 850 | 1956 |
| Watervliet Jr./Sr. High | 7-12 | 800 | 1935 |

Source: District Officials.

Employees

The District provides services with 247 full-time employees, all of which are represented by the following organizations.

TABLE 2
Employees

| <u>Number Of Employees</u> | <u>Organization</u> | <u>Contract Expiration Date</u> |
|----------------------------|--|---------------------------------|
| 135 | Watervliet Teachers’ Association (NYSUT) | 6/30/2027 |
| 53 | Watervliet Support Staff Association (NYSUT) | 6/30/2027 |
| 11 | Watervliet Administrators Association | 6/30/2026 |
| 6 | Management Confidential | 6/30/2027 |
| 25 | Food Service | 6/30/2027 |
| 17 | Non-Aligned | 6/30/2027 |

Source: District Officials

Employee Pension Benefits

All non-teaching and non-certified administrative employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York and Local Employees’ Retirement System (“ERS”).

Teachers and certified administrators are members of the New York State Teachers’ Retirement System (“TRS”). Payments to the TRS are deducted from the School District’s State aid payments.

Both the ERS and the TRS (together, the “Retirement Systems”) are non-contributing with respect to members hired prior to July 27, 1976. The Retirement Systems are non-contributory with respect to members working ten or more years except for Tiers V and VI as described below. Employees hires on or after April 1, 2013 have a variable contribution amount. See further details herein.

The following table details the actual contributions to ERS and TRS for the past three audited fiscal years and current budgeted year.

| <u>Year</u> | <u>TRS</u> | <u>ERS</u> |
|-------------|-------------|------------|
| 2025 Budget | \$1,270,000 | \$240,000 |
| 2024 | 1,222,107 | 256,159 |
| 2023 | 1,152,072 | 242,272 |
| 2022 | 1,025,520 | 242,739 |

In 2003, Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for the ERS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003

and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS contributions for a fiscal year could not be determined until after the local budget adoption process was complete.

Under the new system, a contribution for a given fiscal year is based on the valuation of the pension fund on the prior April 1 of the calendar year proceeding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in a budget.

On December 10, 2009, pension reform legislation was signed into law. The legislation creates a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

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

Members of the TRS will have a separate Tier V benefit structure that will achieve equivalent savings as other civilian public employees. It includes:

- Raising the minimum age an individual can retire without penalty from 55 to 57 years.
- Contributing 3.5 percent of their annual wages to pension costs rather than 3.0 percent and continuing this increased contribution so long as they accumulate additional pension credits.
- Increasing the two percent multiplier threshold for final pension calculations from 20 to 25 years.

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

Pension reform legislation enacted in 2003 and 2004 changed the cycle of ERS billing to match budget cycles of the District. Under the previous method, the District was unsure of how much was required to be paid to the system until after its budget was implemented. Under the current method the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1 instead of the following April 1 so that the District will be able to more accurately include the cost of the contribution into its budget. The reform legislation also (i) required the District to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would make a lower contribution possible and (ii) moved the annual payment date for contributions from December 15th to February 1st, effective December 15, 2004.

The New York State ERS rate for 2023-24 was 13.1%. The 2024-25 ERS increased to 15.2%. The 2024-25 TRS rate is 10.0%. The 2025-26 ERS is estimated to be 16.5%. The 2025-26 TRS is estimated to be 9.6%.

In recent years, due to prior poor performance of the investment portfolio of the State Retirement System in the wake of the 2008-09 recession, New York State Comptroller Thomas DiNapoli announced that the employer contribution rates for required pension contributions to the SRS would continue to increase. To help mitigate the impact of their ERS increases, legislation has been enacted that permits local governments

and school districts to amortize a portion of such contributions. Under such legislation, local governments and school districts that choose to amortize a portion of their ERS contributions will be required to set aside and reserve funds with the SRS for certain future rate increases. The District did not opt into the pension amortization plan.

In Spring 2013, the State and TRS approved a Stable Contribution Option (“SCO”) that gives school districts the ability to better manage the spikes in Actuarially Required Contribution rates (“ARCs”). ERS followed suit and modified its existing SCO, which was adopted in 2010. Each plan allows school districts to pay the SCO amount in lieu of the ARC amount, which is higher, and defer the difference in payment amounts as described below. The plan, which was approved in Governor Cuomo’s 2016-17 budget would let districts contribute 14.13% of employee costs toward pensions. The District has not opted into the pension smoothing plan.

The TRS SCO deferral plan is available to school districts. Under the TRS SCO plan, payment of the deferred amount will commence in year six of the program (2018-19) and continue for five years. School districts can elect to no longer participate in the plan at any time, resume paying the ARC and begin repayment of deferred amounts over five years. Under the ERS SCO, payment of deferred amounts begins the year immediately following the deferral and the repayment period is 12 years. Once made, the election to participate in the ERS SCO is permanent. However, school districts can choose not to defer payment in any given year. In both plans, interest on the deferred amounts is based on the yield of 10-year U.S. Treasury securities plus 1%.

The primary benefit of participation in the SCO plans is the elimination of the uncertainty in the volatility of future pension contribution ARCs in the near term, thereby providing school districts with significant assistance in its ability to create a stable and reliable fiscal plan.

Other Post-Employment Benefits

The District provides post-retirement healthcare benefits to various categories of former employees. These costs have been rising substantially and may be expected to rise substantially in the future. School districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

Effective June 30, 2019, the District has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB), which supersedes GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. This statement requires the District to recognize the total OPEB liability and related deferred outflows and deferred inflows of resources. The cumulative effect of implementing this required change in accounting principle resulted in a restatement of beginning net position as detailed in Note 2 to the financial statements. This statement addresses accounting and financial reporting for other postemployment benefits offered by the District and requires various note disclosures and required supplementary information.

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or “earned”), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability (“AAL”) under GASB Statement No. 45.

The District is in compliance with the requirements of GASB 75, and a summary of the actuarial valuation is included in the District’s June 30, 2024, Financial Audit attached herein. The following table summarizes the District’s annual OPEB statements for the year ended June 30, 2024:

The table below shows the components of the District's annual OPEB cost, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

| Total OPEB Liability | <u>2023</u> |
|--|---------------------|
| Balance at June 30, 2023 | \$57,944,874 |
| Service Cost | 2,376,589 |
| Interest | 2,454,980 |
| Changes in benefit terms | - |
| Differences between expected and actual experience | 127,671 |
| Changes of assumptions or other inputs | (773,117) |
| Benefit payments | <u>(1,775,675)</u> |
| Net change in total OPEB liability | <u>2,410,448</u> |
| Net OPEB liability – end of year | <u>\$60,355,322</u> |

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

The District continues funding the expenditure on a pay-as-you-go basis.

Investment Policy/Permitted Investments

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the District is generally permitted to deposit monies in banks and trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The District may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State of New York; (4) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those bonds issued by the District; (5) certificates of participation issued by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the District pursuant to law, in obligations of the District.

All of the foregoing instruments and investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the monies were provided and, in the case of instruments and investments purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the District, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided in Section 10 of the GML.

FINANCIAL FACTORS

District finances are operated through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. The District derives the bulk of its annual revenues from a tax on real property and from State Aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

Property Tax Revenue

The District derives a significant portion of its revenues from a tax on real property. Property taxes and tax items accounted for 20.0% of total general fund revenues for the fiscal year ended June 30, 2024.

The following table sets forth total general fund revenues and real property tax and tax item revenues collected during the last five fiscal years ended June 30th and budgeted for the current fiscal year.

Table 3
Real Property Taxes and Tax Items

| <u>Fiscal Year</u> | <u>General Fund Revenues</u> | <u>Real Property Taxes and Tax Items</u> | <u>Real Property Taxes to Revenues</u> |
|--------------------|------------------------------|--|--|
| 2020 | \$28,613,922 | \$7,098,020 | 24.8% |
| 2021 | 28,550,893 | 7,467,335 | 26.2% |
| 2022 | 30,829,902 | 7,530,546 | 24.4% |
| 2023 | 34,784,786 | 7,683,603 | 22.1% |
| 2024 | 39,177,050 | 7,838,699 | 20.0% |
| 2025 <i>Budget</i> | 41,394,000 | 8,105,000 | 18.7% |

Source: Audited Financial Statements and Adopted Budget. (Table itself is not audited.)

State Aid

The District also receives a major portion of its revenues in the form of State aid. However, there is no assurance that the State appropriation for State aid to school districts will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the District, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

The following table sets forth total State aid revenues during the last five fiscal years ended June 30th and budgeted for the current fiscal year.

Table 4
State Aid

| <u>Fiscal Year</u> | <u>General Fund Revenues</u> | <u>State Aid</u> | <u>State Aid to Revenues</u> |
|--------------------|------------------------------|------------------|------------------------------|
| 2020 | \$28,316,922 | \$20,393,622 | 71.3% |
| 2021 | 28,550,593 | 20,184,826 | 70.7% |
| 2022 | 30,829,902 | 22,172,779 | 71.9% |
| 2023 | 34,784,786 | 25,601,057 | 73.6% |
| 2024 | 39,177,050 | 29,919,154 | 76.4% |
| 2025 <i>Budget</i> | 41,394,000 | 32,606,000 | 78.8% |

Source: Audited Financial Statements and Adopted Budget. (Table itself is not audited.)

In addition to the amount of State Aid budgeted by the District in its 2024-25 fiscal year, the State is expected to make payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR (see "STAR-School Tax Exemption") Program. The District expects to receive timely receipt of STAR aid for the current fiscal year.

The Gap Elimination Adjustment ("GEA") law was first introduced for the 2010-11 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then \$10 billion budget deficit. Under legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. Since the program began, the GEA and Deficit Reduction Assessment reduction in State aid for the District has

amounted to approximately \$701,536 annually. As a result, the District has been forced to reduce programs, services, and staff accordingly. Beginning in the 2014-15 fiscal year, the State made modest restorations to the GEA. In the 2014-15 fiscal year, the GEA was reduced by \$345,833, dropping the total GEA to \$355,703. In the 2015-16 fiscal year, it has been further reduced by \$338,297, yielding a remaining GEA of \$17,406. In the 2016-17 fiscal year, the GEA was eliminated.

The Smart Schools Bond Act was passed as part of the Enacted 2014-15 State Budget. The Smart Schools Bond Act authorizes the issuance of \$2 billion of general obligation bonds to finance improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The District's allocation of funds is \$1,441,614. The District was approved for \$325,700 towards school connectivity, \$182,445 for high-tech security features \$894,995 towards Classroom Technology, and \$38,446 for laptop computers.

There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. The State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefor.

No delays in payment of State aid for the District's 2024-25 fiscal year is presently anticipated, although no assurance can be given that there will not be a delay in payment thereof. Should the District fail to receive monies expected from the State in the amounts and at the times expected, the District is permitted to issue revenue anticipation notes in anticipation of the receipt of delayed State aid.

Recent Events Affecting New York School Districts

School district fiscal year (2020-21): Due to the below-described decrease in State revenues as a result of the COVID-19 pandemic, the State budget included an increase of only \$95 million in State Aid (0.035% increase from the prior budget year), and Foundation Aid remained at essentially the same level as it was during the 2019-2020 fiscal year. While the budget actually included a decrease in State Aid (referred to as a "Pandemic Adjustment"), the decrease in State aid be fully offset by the State's allocation of federal stimulus funds. Absent the federal stimulus funds, there would have been a \$1.127 billion decrease in State Aid from the 2019-2020 year.

School district fiscal year (2021-22): The State budget included large-scale increases in State aid to school districts, including a \$105 million expansion of full-day prekindergarten provided funding to 200 school districts that didn't previously receive State funding for such full-day prekindergarten programs. In contrast to the 2020-21 budget, this budget provided that additional federal aid would supplement, not supplant, State funding. Most notably, Foundation Aid was increased by \$1.4 billion (7.6%), and the State has committed to a three-year phase-in of the restoration of the full Foundation Aid formula to finally fulfill the State's commitments from the *Campaign for Fiscal Equity* case from the early 2000s.

School district fiscal year (2022-23): The Governor's Enacted budget provided \$31.5 billion in School Aid for the 2022-23 fiscal year, an increase of \$2.1 billion (7.2 percent) from \$29.1 billion 2021-22. Foundation Aid is increased by \$1.5 billion (7.7% increase), This is the second year of the Foundation Aid Formulation, a three-year phase-in of the restoration of the full Foundation Aid formula to finally fulfill the State's commitments from the Campaign for Fiscal Equity case from the early 2000s. The budget continued the expansion of full-day prekindergarten that provided funding to 200 school districts with an increase of \$125 million from the 2022-23 fiscal year and increase of 13%. The Budget also included \$451 million increase in all other School Aid programs.

School district fiscal year (2023-24): The Governor's Enacted State budget provided \$34.5 billion in School Aid for the 2023-24 fiscal year, an increase of \$3.1 billion (10.0 percent). Foundation Aid is increased by \$2.7 billion (12.8 percent), This is the third year of the Foundation Aid Formulation, a three-year phase-in of the restoration of the full Foundation Aid formula to finally fulfill the State's commitments

from the Campaign for Fiscal Equity case from the early 2000s. The budget continued the expansion of full-day prekindergarten that will provide funding to 200 school districts with an increase of \$1.2 million from the 2022-23 fiscal year. The total funding for the Universal Pre-Kindergarten included \$25 million in expansion grants supported by the American Rescue Plan Act.

School district fiscal year (2024-25): The Governor's Enacted State budget provides \$35.9 billion in School Aid, an increase of \$1.3 billion, including \$24.9 billion in Foundation Aid for the 2024-25 fiscal year. Governor Hochul is lowering the inflation factor from 3.4 percent to 2.8 percent in the formula to right-size funding for the 2024-25 school year. The Budget also commissions a Rockefeller Institute study to examine the Foundation Aid formula to prepare for changes next year.

School district fiscal year (2025-26): The Governor's Proposed State budget provides \$37.4 billion in School Aid, an increase of \$1.7 billion (4.7 percent), including \$26.4 billion in Foundation Aid, an increase of \$1.5 billion (5.9percent) for the 2025-26 fiscal year. Governor Hochul is lowering the inflation factor from 2.7 percent to 2.2 percent in the formula to right-size funding for the 2025-26 school year.

The State budget for the 2024-25 fiscal year provides \$33.40 million of State Aid to the District, a 8.22% increase from the District's 2023-24 fiscal year.

The School District presently anticipates an increase in its State Aid related to foundation aid for its 2024-25 fiscal year in an amount of \$2,744,885.

It should also be noted that the School District receives federal aid for certain programs. In its last audited fiscal year, the School District received \$4,290 in such direct federal aid. It is not possible to predict whether such aid will continue in the future, or if continued, whether it will be funded at present levels.

The District cannot predict at this time whether there will be any reductions in and/or delays in the receipt of State aid during the current and future fiscal years. The District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing.

The State Comptroller's Fiscal Stress Monitoring System

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

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

The most current applicable report, for 2023, of the State Comptroller designates the District as "No Designation," with a fiscal score of 16.7% and an environmental score of 65.0%

(See <https://wwe1.osc.state.ny.us/localgov/fiscalmonitoring/fsms.cfm>)

References to websites and/or website addresses presented herein are for informational purposes only and implies no warranty of accuracy of information therein. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

New York State Comptroller's Audit

Many school districts throughout the state can be subject to an audit of the New York State Office of the Comptroller ("OSC") pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

On July 2, 2021, OSC, Division of Local Government and School Accountability released an audit of the District to determine whether the District's Board and District officials ensure information technology assets and data were safeguarded. The audit found that the Officials did not establish written procedures or managing, limiting and monitoring user accounts, disable 72 unneeded network accounts in a timely manner, and monitor compliance with the acceptable computer policy. 12 out of 13 computers were tested and accessed nonbusiness websites prohibited by the policy. The OSC recommends that the District Officials review network user accounts and permissions, and disable unnecessary accounts and unneeded permissions, and monitor employees' internet use to ensure compliance with the District's acceptable computer use policy. The District agreed with the recommendations. See the complete report attached

(See <https://www.osc.state.ny.us/files/local-government/audits/2021/pdf/watervliet-2021-34.pdf>)

The OSC has not conducted any other audits of the District in the past 5 years.

References to websites and/or website addresses presented herein are for informational purposes only and implies no warranty of accuracy of information therein. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

Budgetary Procedure

The District's fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District's financial plan and enrollment projection are reviewed and updated, and the first draft of the next year's proposed budget is developed by the central office staff. During winter and early spring, the budget is developed and refined in conjunction with the school building principals and department supervisors. Under current law, the budget is submitted to voter referendum on the third Tuesday in May each year. A summary of the District's budgets for 2024 and 2025 is shown in Appendix B.

The qualified voters of the District approved the District's 2024-25 budget on May 21, 2024.

Independent Audit

The financial statements of the District are audited each year by an independent certified public accounting firm. The last such audit covers the fiscal year ended June 30, 2024 and is included herein.

TAX INFORMATION

Real Property Tax Assessments and Rates

The District derives its power to levy an ad valorem real property tax from the State Constitution; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the District are prepared by the City of Watervliet. Assessment valuations are determined by the City assessor and the State Office of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Office of Real Property Services annually establishes state equalization rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and

real property taxing limitations. The District is not subject to constitutional real property taxing limitations. See, however, the discussion under the sub-heading — “Tax Levy Limitation Law,” herein.

Table 5
Real Property Tax Assessments and Rates
(Fiscal Years Ending June 30)

| Tax Rate Year | 2020 | 2021 | 2022 | 2023 | 2024 |
|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Fiscal Year Ending | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
| City of Watervliet | | | | | |
| Assessed Value | \$393,296,760 | \$395,591,389 | \$396,323,632 | \$397,200,728 | \$397,871,390 |
| Equalization Rate | 89.00% | 87.00% | 80.00% | 69.50% | 65.29% |
| Full Value | \$441,906,472 | \$454,702,746 | \$495,404,540 | \$571,511,839 | \$609,391,009 |
| Town of Colonie | | | | | |
| Assessed Value | \$41,903,521 | \$42,018,373 | \$42,333,976 | \$43,099,095 | \$43,686,084 |
| Equalization Rate | 61.00% | 59.00% | 55.75% | 51.00% | 48.00% |
| Full Value | \$68,694,297 | \$71,217,581 | \$75,935,383 | \$84,508,029 | \$91,012,675 |
| Total: | | | | | |
| Assessed Value | \$435,200,281 | \$437,609,762 | \$438,657,608 | \$440,299,823 | \$441,557,474 |
| Full Value | \$510,600,769 | \$525,920,327 | \$571,339,923 | \$656,019,868 | \$700,403,684 |

Source: District Officials

Tax Limit

The Constitution does not limit the amount that may be raised by the District-wide tax levy on real estate in any fiscal year for purpose of payment of debt service heretofore contracted. (But see “Tax Levy Limitation Law” herein.)

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City). The discussion herein does not include school districts in New York City, Buffalo, Rochester, Syracuse, or Yonkers.

Prior to the enactment of the Tax Levy Limitation Law, there was no statutory limitation on the amount of real property taxes that a school district could levy as part of its budget if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year’s budget or one hundred twenty percent (120%) of the consumer price index (“CPI”).

The Tax Levy Limitation Law now requires that a school district submit its proposed tax levy to the voters each year beginning with the 2012-13 fiscal year.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year’s tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district could exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a budget by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least

50% of those voting. A school district’s calculation of each fiscal year’s tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of each fiscal year budget.

A school district’s calculation of each fiscal year’s tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of each fiscal year budget. It should be noted that the permissible amount of increase for the District’s 2014-15 budget year is likely to be less than 2 percent (based on the prevailing low rate of inflation).

There are exceptions for school districts to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees’ Retirement System, and the Teachers’ Retirement System. School districts are also permitted to carry forward a certain portion of their unused levy limitation from a prior year.

There is also an exception for school districts for “Capital Local Expenditures” subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. “Capital Local Expenditures” are defined as “the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law”. The portion of the tax levy necessary to support “Capital Local Expenditures” is defined as the “Capital Tax Levy”, and this is an exclusion from the tax levy limitation.

While the Tax Levy Limitation Law may constrict a school district’s power to levy real property taxes for the payment of debt service on debt contracted after the effective date of the Tax Levy Limitation Law (June 24, 2011), it is clear that no statute is able (1) to limit a school district’s pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit a school district’s levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a school district authority to treat debt service payments as a constitutional exception to any such statutory tax levy limitation is not clear.

Tax Collection Procedure

Taxes are collected, without penalty, through the month of September.

All delinquent taxes are turned over to the County Treasurer on or about November 15 for collection and in addition to the above penalties, a 5% collection fee is charged.

STAR - School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program.

For the 2024-25 school levy year, homeowners subject to certain household income limitations are eligible for an enhanced exemption and basic exemption as follows:

| | <u>Enhanced Exemption</u> | <u>Basic Exemption</u> |
|---------------------------|-------------------------------|----------------------------|
| City of Watervliet | \$58,380 | \$21,360 |
| Town of Colonie | 42,840 | 15,300 |

Date Certified: 04/04/2024

The enhanced or basic STAR exemption is the amount that an assessment will be reduced prior to the levy of school taxes. For example, if a home is assessed at \$150,000 and the enhanced STAR exemption for a municipality is \$50,000, the school taxes on the property would be paid on a taxable assessment of \$100,000 (\$150,000 - \$50,000 = \$100,000).

Since the 2011-12 school tax bills, there has been a 2% limit on STAR savings increases, the savings results from the Basic or Enhanced STAR exemptions are limited to a 2% increase over the prior year. When a school district initially calculates their tax bills, for each municipal segment they will compare the amount of STAR savings to the maximum. If the STAR savings exceeded the maximum, the school district will use the maximum when calculating tax bills for the segment.

The maximum savings for each of the municipalities for the 2024-25 fiscal year are as follows:

| | Enhanced Maximum <u>Savings</u> | Basic Maximum <u>Savings</u> |
|---------------------------|---------------------------------------|------------------------------------|
| City of Watervliet | \$399 | \$930 |
| Town of Colonie | 379 | 884 |

Updated: 03/28/2024

The District expects to receive full reimbursement of such exempt taxes from the State during the 2024-25 fiscal year.

Largest Taxpayers for the 2024-25 Fiscal Year

The following table presents the taxable assessments of the District’s largest taxpayers for the 2024-25 fiscal year.

**Table 6
Taxable Assessments**

| <u>Taxpayer</u> | <u>Nature of Business</u> | <u>Assessed Valuation</u> | <u>% of District Tax Base ⁽¹⁾</u> |
|------------------------------|-------------------------------|-------------------------------|--|
| National Grid | Utilities | \$13,538,727 | 3.07% |
| HM Highland Club, LLC | Apartments | 11,300,000 | 2.56% |
| Elmwood Associates | Apartments | 6,700,000 | 1.52% |
| PCP Watervliet, LLC | Industrial | 5,200,000 | 1.18% |
| Logistics II Broadway SPE | Industrial | 4,800,000 | 1.09% |
| Saint-Gobain Abrasives, Inc. | Industrial | 4,200,000 | 0.95% |
| Village 1, LLC | Apartments | 3,000,000 | 0.68% |
| Niagara Mohawk Power Corp. | Utility | 2,368,471 | 0.54% |
| Stewart’s Shops Corp. | Commercial | 2,300,000 | 0.52% |
| Delaware & Hudson RW Co | Industrial | 2,364,500 | 0.54% |
| Niagara Mohawk Power Corp. | Utility | <u>2,195,686</u> | <u>0.50%</u> |
| | | <u>\$57,967,384</u> | <u>13.13%</u> |

(1) The District's total assessed value for the 2024-25 fiscal year was \$441,557,474 which represents 13.13% of the tax base of the District.

DISTRICT INDEBTEDNESS

Constitutional Requirements

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute. No installment may be more than fifty per centum in excess of the smallest prior installment unless the District determines to issue a particular debt obligation amortizing on the basis of substantially level or declining annual debt service. The District is required to provide an annual appropriation for the payment of interest due during the year on indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the District so as to prevent abuses in the exercise of such powers; however, as has been noted under "Nature of Obligation", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. See "Nature of Obligation" and "Tax Levy Limitation Law" herein.

Debt Limit. The District has the power to contract indebtedness for any District purpose so long as the principal amount thereof shall not exceed five per centum of the average full valuation of taxable real estate of the District. The constitutional and statutory 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 special equalization ratio which such assessed valuation bears to the full valuation as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedure for the District 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 Education Law.

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds and notes in anticipation of the bonds. The District is not permitted to spend in excess of \$100,000, with respect to certain school building construction projects, until the plans and specification for such project have been approved by the Commissioner of Education of the State.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, together with a statutory form of notice which, in effect, stops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The District has complied with such procedure and the twenty day period will expire prior to the date of the closing on the Bonds.

The Board of Education, as the finance board of the District, also has the power to authorize the sale and issuance of bonds and notes, including the Bonds. However, such finance board may delegate the power to

sell such bonds to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

Debt Limit and Net Indebtedness

The debt limit of the District is \$70,040,368. This is calculated by taking 10% of the current full value of the taxable real property of the District.

Table 8
Statutory Debt Limit and Net Indebtedness
(as of April 1, 2025)

| | |
|---|---------------------|
| Full Valuation of Taxable Real Property | \$700,403,684 |
| Debt Limit (10% of Full Valuation) | \$70,040,368 |
| Inclusions: | |
| Outstanding Indebtedness: | |
| Serial Bonds | \$14,250,000 |
| Bond Anticipation Notes | 7,000,000 |
| Less Exclusions ⁽¹⁾ | <u>0</u> |
| Total Net Indebtedness | <u>\$21,250,000</u> |
| Net Debt-Contracting Margin ⁽²⁾ | <u>\$48,790,368</u> |
| Percentage of Debt-Contracting Margin Exhausted | <u>30.34%</u> |

- (1) The District has received and expects to continue to receive State Aid on a portion of existing indebtedness contracted for school building purposes pursuant to Section 121.20 of the Local Finance Law, but, under the Local Finance Law, as a small city school district, it is not permitted to deduct such anticipated State building aid from its outstanding indebtedness. However, as a matter of information, State aid for building purposes is currently estimated by District officials at 96.4%.
- (2) The District requested and received a consent order of the Board of Regents and the State Comptroller, dated April 22, 2010, November 8, 2012, and January 19, 2021 to issue bonds and/or bond anticipation notes exceeding the debt limit in an amount not to exceed \$21,745,000, \$18,950,000, and \$9,996,828, respectively, for school buildings and additions for the projects approved by the qualified voters of the District on December 18, 2007, December 20, 2011, and February 4, 2020, respectively.

Source: District Officials.

Trend of Outstanding Indebtedness

The Table below shows the District's outstanding indebtedness over the last five fiscal years.

Table 9
Debt Outstanding

| Fiscal Year Ending June 30: | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|-----------------------------|--------------|-------------------|-------------------|------------------|------------------|
| Bonds | \$25,370,000 | \$23,030,000 | \$20,610,000 | \$18,095,000 | \$15,480,000 |
| BANs | <u>0</u> | <u>10,000,000</u> | <u>10,000,000</u> | <u>9,000,000</u> | <u>7,000,000</u> |
| | \$25,370,000 | \$33,030,000 | \$30,610,000 | \$27,095,000 | \$22,480,000 |

Source: District Officials.

Short-Term Indebtedness

Pursuant to the Local Finance Law, the District is authorized to issue short-term indebtedness, in the form of notes as specified by such statute, to finance both capital and operating purposes.

Capital Purposes. Bond anticipation notes may be sold to provide moneys for capital projects once a bond resolution has been adopted. Generally, bond anticipation notes are issued in anticipation of the sale of bonds at some future date and may be renewed from time to time for up to five years from the date of issuance. Such notes may not be renewed after the second year unless a legally sufficient principal payment on such notes is made from a source other than the proceeds of bonds or bond anticipation notes. In no event may bond anticipation notes be renewed after the sale of bonds in anticipation of which the notes were originally issued.

Operating Purposes. The District may also issue tax anticipation notes and revenue anticipation notes to provide cash to finance cash flow deficits. Borrowings for this purpose are restricted by formulas contained in the Local Finance Law and the Internal Revenue Code of 1986 (the “Code”) and the Regulations there under. Such notes may be renewed from time to time generally not beyond three years in the case of revenue anticipation notes and five years for tax anticipation notes.

Tax and Revenue Anticipation Notes

The District has not found it necessary to issue either tax or revenue anticipation nor budget or deficiency notes in recent years

Bond Anticipation Notes

Following the issuance of the Notes, the District will have \$5,000,000 Bond Anticipation Notes outstanding, maturing on April 23, 2026.

Installment Purchase Obligations

The District currently has no outstanding installment purchase obligations.

Overlapping and Underlying Debt

In addition to the District, other political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District. The real property taxpayers of the District are responsible for a proportionate share of outstanding debt obligations of these subdivisions. Such taxpayers' share of overlapping and underlying debt is based on the amount of the District's equalized property values taken as a percentage of each separate unit's total values.

The following table represents the amount of overlapping and underlying debt and the District's share of this debt. Authorized but unissued debt has not been included.

Table 10
Statement of Direct and Overlapping Indebtedness

| <u>Issuer</u> | <u>Net Debt Outstanding</u> | <u>As of:</u> | <u>District Share</u> | <u>Amount Applicable To District</u> |
|---------------------------------|--|----------------------|----------------------------------|---|
| County of Albany | \$210,290,000 | 12/31/2023 | 1.87% | \$3,932,423 |
| City of Watervliet | 4,520,744 | 06/13/2024 | 100.00% | 4,520,744 |
| Town of Colonie | 87,546,790 | 02/13/2025 | 0.68% | 595,318 |
| Total Net Overlapping Debt | | | | \$9,048,485 |
| Total Net Direct Debt | | | | <u>\$21,250,000</u> |
| Net Direct and Overlapping Debt | | | | <u>\$30,298,485</u> |

Source: Recent Official Statements and Disclosure Documents.

Debt Ratios

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

Table 11
Debt Ratios

| | Debt Per Amount | Debt Per Capita ^(a) | Debt to Full Value ^(b) |
|---------------------------------|----------------------------|---|--|
| Net Direct Debt | \$21,250,000 | \$1,921 | 3.03% |
| Net Direct and Overlapping Debt | \$30,298,485 | \$2,739 | 4.33% |

(a) The population of the District is estimated by District officials to be approximately 11,061.

(b) The District's full value of taxable real property for 2024-25 is \$700,403,684.

Obligations Authorized but Unissued

The District does not have any authorized but unissued indebtedness.

Debt Service Schedule

The following table shows the debt service requirements to maturity on the District's outstanding long-term indebtedness as of March 31, 2025.

Table 12
Principal and Interest Maturity Table

| FYE June 30 | Principal | Interest ^(a) | Total |
|------------------------|----------------------------|--------------------------------|----------------------------|
| 2025 | \$1,100,000 | \$219,184 | \$1,319,184 |
| 2026 | 2,000,000 | 394,044 | 2,394,044 |
| 2027 | 2,095,000 | 326,344 | 2,421,344 |
| 2028 | 2,170,000 | 260,469 | 2,430,469 |
| 2029 | 2,235,000 | 196,319 | 2,431,319 |
| 2030 | 1,630,000 | 138,231 | 1,768,231 |
| 2031 | 995,000 | 99,369 | 1,094,369 |
| 2032 | 650,000 | 70,875 | 720,875 |
| 2033 | 675,000 | 48,125 | 723,125 |
| 2034 | 700,000 | 24,500 | 724,500 |
| | <u>\$14,250,000</u> | <u>\$1,777,460</u> | <u>\$16,027,460</u> |

Source: District Officials.

(a) On August 6, 2013 the District issued \$5,000,000 of Qualified School Construction Bonds (Direct Payment Bonds) for which the District is expected to receive the full interest subsidy from the US treasury Requirement, subject to a sequestration reduction of 6.2% as presently determined by the U.S. Office of Management and Budget. Whether the full interest subsidy will ultimately be received, or the extent of any sequestration legislation over time cannot be determined at this time. The District is obligated to make all payments of principal of and interest on these bonds whether or not such direct federal subsidy payments are received until final maturity on June 15, 2030. The table above reflects the full payment of interest due by the District.

ECONOMIC AND DEMOGRAPHIC DATA

School Enrollment Trends

The following table presents the past and projected school enrollment for the District.

TABLE 13
School Enrollment Trends

| <u>Fiscal Year</u> | <u>Actual Enrollment</u> | <u>Fiscal Year</u> | <u>Projected Enrollment</u> |
|--------------------|--------------------------|--------------------|-----------------------------|
| 2022-2023 | 1,433 | 2025-2026 | 1,520 |
| 2023-2024 | 1,480 | 2026-2027 | 1,550 |
| 2024-2025 | 1,500 | 2027-2028 | 1,575 |

Source: District Officials.

Largest Employers

TABLE 14
Largest Employers

| <u>Business</u> | <u>Type</u> | <u>Approx. # of Employees</u> |
|--------------------|------------------|-------------------------------|
| Watervliet Arsenal | US Government | 500 |
| Norton Company | Manufacturer | 400 |
| Watervliet CSD | Education | 300 |
| City of Watervliet | Local Government | 100 |

Population

The population of the District is 11,061 according to District officials. The following table presents population trends based upon recent census data which is not necessarily representative of the District.

TABLE 15
Population Trend

| | <u>2010</u> | <u>2020</u> | <u>Percentage Change</u> |
|---------------|-------------|-------------|--------------------------|
| Albany County | 304,204 | 314,848 | 3.5% |
| State | 19,378,102 | 20,201,249 | 4.3% |

Source: US Census

Employment and Unemployment

The following tables provide information concerning employment and unemployment in the County and the State and are not necessarily representative of the District.

TABLE 16
Civilian Labor Force
(Thousands)

| | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|---------------|-------------|-------------|-------------|-------------|-------------|
| Albany County | 148.6 | 150.7 | 153.8 | 155.3 | 158.7 |
| State | 8,628.0 | 8,857.0 | 9,178.6 | 9,307.0 | 9,695.0 |

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

TABLE 17
Yearly Average Unemployment Rates

| <u>Year</u> | <u>County</u> | <u>State</u> |
|-------------|---------------|--------------|
| 2020 | 6.9% | 9.8% |
| 2021 | 4.5% | 7.1% |
| 2022 | 3.1% | 4.3% |
| 2023 | 3.3% | 4.2% |
| 2024 | 3.4% | 4.3% |

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

TABLE 18
Monthly Unemployment Rates

| <u>Month</u> | <u>County</u> | <u>State</u> |
|--------------|---------------|--------------|
| January 2025 | 3.7% | 4.3% |
| February | 3.8% | 4.5% |
| March | 3.8% | 4.2% |
| April | 3.3% | 3.9% |
| May | 3.6% | 4.2% |
| June | 3.5% | 4.3% |
| July | 3.9% | 4.9% |
| August | 3.8% | 4.9% |
| September | 3.0% | 4.0% |
| October | 3.1% | 4.1% |
| November | 3.0% | 4.2% |
| December | 3.0% | 4.1% |

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

LITIGATION

In common with other school districts, the District from time to time receives various notices of claim and is party to litigation. In the opinion of the District, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending which, if determined against the District, would have an adverse material effect on the financial condition of the District.

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

END OF APPENDIX A

APPENDIX B

**SUMMARY OF FINANCIAL
STATEMENTS AND BUDGETS**

City School District of the City of Watervliet
Statement of Budgeted Appropriations and Estimated Revenues
General Fund
Fiscal Year Ending June 30:

| | Adopted | Adopted |
|---|----------------------------|----------------------------|
| | <u>2024</u> | <u>2025</u> |
| <u>Estimated Revenues:</u> | | |
| Real Property Taxes and Other Tax Items | \$7,586,000 | \$7,730,000 |
| Non-Property Tax Items | 350,000 | 375,000 |
| Charges For Services | 23,000 | 43,000 |
| Payments in Lieu of Taxes | 225,000 | 221,000 |
| Interest and Penalties on Taxes | 28,000 | 30,000 |
| Interest and Earnings | 5,000 | 5,000 |
| Miscellaneous | 180,000 | 180,000 |
| State Aid | 29,149,000 | 32,606,000 |
| Federal Sources | 213,000 | 204,000 |
| Appropriated Fund Balance | <u>0</u> | <u>0</u> |
| Total Estimated Revenues: | <u><u>37,759,000</u></u> | <u><u>41,394,000</u></u> |
| <u>Estimated Appropriations:</u> | | |
| General Support | \$2,977,000 | \$3,243,000 |
| Instruction | 18,918,000 | 21,769,000 |
| Public Safety and Transportation | 2,649,000 | 2,680,000 |
| Employee Benefits | 8,473,000 | 9,411,000 |
| Debt Service | 4,647,000 | 4,189,000 |
| Interfund Transfers | 95,000 | 102,000 |
| Total Appropriations: | <u><u>\$37,759,000</u></u> | <u><u>\$41,394,000</u></u> |

Source: Adopted Budgets of the District. This summary table itself has not been audited.

City School District of the City of Watervliet
Comparative Balance Sheet
General Fund
Fiscal Year Ending June 30:

| | <u>2023</u> | <u>2024</u> |
|---------------------------------------|-------------------------------|--------------------------------|
| <u>Assets:</u> | | |
| Unrestricted Cash | \$4,087,993 | \$1,109,622 |
| Restricted Cash | 950,000 | 7,450,000 |
| Investments | 1,230 | 1,230 |
| Federal and State Aid | 1,479,612 | 1,712,888 |
| Due from Other Funds | 1,689,728 | 1,893,459 |
| Due from other Governments | <u>160,262</u> | <u>138,563</u> |
| Total Assets | <u><u>\$8,368,825</u></u> | <u><u>\$12,305,762</u></u> |
| <u>Liabilities:</u> | | |
| Accounts Payable | \$490,128 | \$1,720,902 |
| Accrued Liabilities | 99,542 | 104,000 |
| Due to other funds | 25,170 | 26,898 |
| Due to Teachers' Retirement Systems | 1,273,770 | 1,369,479 |
| Due to Employees' Retirement System | <u>61,344</u> | <u>72,126</u> |
| Total Liabilities | <u>1,949,954</u> | <u>3,293,405</u> |
| <u>Fund Balances:</u> | | |
| Restricted | 950,000 | 7,450,000 |
| Unassigned | <u>5,468,871</u> | <u>1,562,357</u> |
| Total Fund Equity | <u>6,418,871</u> | <u>9,012,357</u> |
| Total Liabilities and Fund Equity | <u><u>\$8,368,825</u></u> | <u><u>\$12,305,762</u></u> |

Source: Audited Financial Statements of the District, although this summary table itself has not been audited.

City School District of the City of Watervliet
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Fiscal Year Ending June 30:

| Revenues: | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Real Property Taxes | \$7,098,020 | \$7,236,805 | \$7,277,253 | \$7,428,010 | \$7,588,057 |
| Other Tax Items | 239,097 | 230,530 | 253,293 | 255,593 | 250,642 |
| Nonproperty Taxes | 315,327 | 358,073 | 416,234 | 438,069 | 426,202 |
| Charges for Services | 29,393 | 24,428 | 17,172 | 30,730 | 10,935 |
| Use of Money and Property | 3,274 | 4,229 | 13,245 | 12,826 | 30,858 |
| Miscellaneous | 207,531 | 263,206 | 406,606 | 816,798 | 700,707 |
| State Sources | 20,393,622 | 20,184,826 | 22,172,779 | 25,601,057 | 29,919,154 |
| Medicaid reimbursement | 139,400 | 61,984 | 99,262 | 55,960 | 118,396 |
| Interest subsidy for QSCB | 174,580 | 164,697 | 153,433 | 140,636 | 127,809 |
| Federal Sources | 13,678 | 22,115 | 20,625 | 5,107 | 4,290 |
| Total Revenues | <u>28,613,922</u> | <u>28,550,893</u> | <u>30,829,902</u> | <u>34,784,786</u> | <u>39,177,050</u> |
| Expenditures: | | | | | |
| General Support | 2,086,286 | 2,096,733 | 2,278,473 | 2,693,152 | 2,720,217 |
| Instruction | 14,433,437 | 14,413,088 | 15,951,831 | 16,204,423 | 17,945,769 |
| Pupil Transportation | 1,149,328 | 1,417,761 | 1,746,578 | 2,454,828 | 2,223,606 |
| Employee Benefits | 6,259,471 | 6,368,518 | 6,714,336 | 7,077,847 | 8,008,412 |
| Debt Service | 3,756,489 | 3,339,200 | 3,350,343 | 4,540,238 | 5,588,696 |
| Total Expenditures | <u>27,685,011</u> | <u>27,635,300</u> | <u>30,041,561</u> | <u>32,970,488</u> | <u>36,486,700</u> |
| Excess (Deficit) Revenues over Expenditures | 928,911 | 915,593 | 788,341 | 1,814,298 | 2,690,350 |
| Other Uses: | | | | | |
| Interfund Transfers in | 4,976 | 4,963 | 4,829 | 1,612 | 195 |
| Interfund Transfers out | (57,443) | (57,921) | (82,453) | (91,024) | (97,059) |
| Total Expenditures and Other Uses: | <u>(52,467)</u> | <u>(52,958)</u> | <u>(77,624)</u> | <u>(89,412)</u> | <u>(96,864)</u> |
| Excess (Deficit) Revenues over Expenditures and Other Financing Sources: | 876,444 | 862,635 | 710,717 | 1,724,886 | 2,593,486 |
| Restatement due to Accounting Change | 0 | 105,356 | 0 | 0 | 0 |
| Fund Balance - Beginning of Fiscal Year | 2,138,833 | 3,015,277 | 3,983,268 | 4,693,985 | 6,418,871 |
| Fund Balance - End of Fiscal Year | <u>\$3,015,277</u> | <u>\$3,983,268</u> | <u>\$4,693,985</u> | <u>\$6,418,871</u> | <u>\$9,012,357</u> |

Source: Audited Financial Statements of the District, although this summary table itself has not been audited.

APPENDIX C

**INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

**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/P11798642-P11379356-P11817983.pdf>

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

*** Such Financial Statements and opinion are intended to be representative only as
of the date thereof. Teal, Becker & Chiamonte has not been requested by the
District to further review and/or update such Financial Statements or opinion in
connection with the preparation and dissemination of this Official Statement.**

APPENDIX D

FORM OF BOND COUNSEL OPINION

April 23, 2025

City School District of the City of Watervliet,
County of Albany,
State of New York

Re: City School District of the City of Watervliet, Albany County, New York
\$5,000,000 Bond Anticipation Notes, 2025 (Renewals)

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of \$5,000,000 Bond Anticipation Notes, 2025 (Renewals) (the "Obligation"), of the City School District of the City of Watervliet, Albany County, New York (the "Obligor"), dated April 23, 2025, numbered ____, of the denomination of \$5,000,000, bearing interest at the rate of _____% per annum, payable at maturity, and maturing April 26, 2026.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage 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 (the "Arbitrage Certificate"); 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 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 Arbitrage 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; 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 in appropriate cases.
- (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) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Obligation included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligation) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligation has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligation to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligation and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

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 opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of revenues or moneys of the Obligor legally available 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,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP