

In the opinion of Hodgson Russ LLP, Albany, New York, Bond Counsel, based on existing statutes, regulations, rulings and court decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants described in "TAX MATTERS" herein, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Notes is not treated as a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Notes will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. 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 NOT be designated "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.



\$13,585,000

VILLAGE OF SCOTIA SCHENECTADY COUNTY, NEW YORK GENERAL OBLIGATIONS \$13,585,000 Bond Anticipation Notes, 2025 (referred to hereinafter as the "Notes")

Dated: June 26, 2025

Due: June 26, 2026

The Notes are general obligations of the Village of Scotia, Schenectady County, New York (the "Village"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limitations. See "THE NOTES – Nature of the Obligation" and "TAX LEVY LIMITATION LAW" herein. **The Notes shall not be subject to redemption prior to maturity.**

At the option of the purchaser(s), the Notes will be issued as registered book-entry-only notes or registered in the name of the purchaser. If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds. In such case, the Notes will be issued as registered in the name of the purchaser in denominations of \$5,000 or multiples thereof, as may be determined by such successful bidder.

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

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 of Hodgson Russ LLP, Albany, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery in Jersey City, New Jersey, or as may be agreed upon, on or about June 29, 2023.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on June 12, 2025 until 10:15 A.M., Prevailing Time, pursuant to the Notice of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the Village, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

June __, 2025

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

VILLAGE OF SCOTIA

SCHENECTADY COUNTY, NEW YORK

VILLAGE OFFICIALS

DAVID BUCCIFERRO

Mayor

HEATHER GRAY

Deputy Mayor

TRUSTEES

KEITH BROWN

JUSTIN COOK

GEORGE SOLOTRUCK

* * * * *

MARIA A. SCHMITZ

Village Clerk -Treasurer



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisor



Bond Counsel

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

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
OF THE
VILLAGE OF SCOTIA
SCHENECTADY COUNTY, NEW YORK
RELATING TO
\$13,585,000 Bond Anticipation Notes, 2025

This Official Statement, which includes the cover page, has been prepared by the Village of Scotia, Schenectady County, New York (the "Village," "County," and "State," respectively), in connection with the sale by the Village of \$13,585,000 Bond Anticipation Notes, 2025 (hereinafter referred to as the "Notes").

The factors affecting the Village's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the Village's tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

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

THE NOTES

Description of the Notes

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

The Notes will be dated June 26, 2025 and will mature on June 26, 2026. The Notes will be issued as registered notes (i) in the name of the purchaser, in denominations of \$5,000 each or multiples thereof, as may be determined by the successful bidder or (ii) at the option of the purchaser(s), registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

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

Purpose of Issue

On May 11, 2022 the Village board authorized a bond resolution for the construction of a new Fire Safety Facility in the Village. The resolution authorized the issuance of up to \$8,800,000 serial bonds to finance the construction project. On May 11, 2022 the Village board also authorized a bond resolution for the reconstruction and renovation of the current Village Hall/Fire Station. The resolution authorized the issuance of up to \$5,000,000 serial bonds to finance the construction project.

On September 29, 2022 the Village issued \$980,000 bond anticipation notes, maturing on June 30, 2023. A \$480,000 portion of said notes represented the initial borrowing for the Fire Safety Facility project. On June 29, 2023 the Village issued \$8,800,000 bond anticipation notes, of which, a \$8,300,000 portion was used to fully redeem and renew the \$480,000 portion of the bond anticipation notes maturing on June 30, 2023 as well as provide \$7,820,000 in new financing for the Fire Safety Facility project. On June 27, 2024 the Village issued \$9,750,000 bond anticipation notes to mature June 27, 2025, a \$8,790,000 portion of the proceeds of said bond anticipation notes, along with \$10,000 in available funds of the Village partially redeemed and renewed the \$8,300,000 portion of the bond anticipation notes maturing on June 29, 2024 as well as provided an additional \$500,000 in new monies for the aforementioned project to fully exhaust the borrowing authorization for this project. A \$8,645,000 portion of the proceeds of the Notes along with \$145,000 available funds of the Village will partially redeem and renew the outstanding \$8,790,000 portion of the bond anticipation notes that mature on June 27, 2025

On May 11, 2022 the Village board also authorized a bond resolution for the reconstruction and renovation of the current Village Hall/Fire Station. The resolution authorizes the issuance of \$5,000,000 serial bonds to finance the above mentioned project. On September 29, 2022 the Village issued \$980,000 bond anticipation notes, maturing on June 30, 2023. A \$500,000 portion of said notes represented the initial borrowing for the Village Hall/Fire Station project. On June 29, 2023 the Village issued \$8,800,000 bond anticipation notes, of which, a \$500,000 portion was used to fully redeem and renew the applicable portion of the bond anticipation notes that matured on June 30, 2023 for the Village Hall/Fire Station project. On June 27, 2024 the Village issued \$9,750,000 bond anticipation notes to mature June 27, 2025, a \$960,000 portion of the proceeds of said bond anticipation notes along with \$40,000 in available funds of the Village partially redeemed and renewed the \$500,000 portion of the bond anticipation notes set to mature on June 29, 2024 as well as provided an additional \$500,000 in new monies against the Village Hall/Fire Station authorization. A \$940,000 portion of the proceeds of the Notes along with \$20,000 available funds of the Village will partially redeem and renew the remaining \$960,000 portion of the outstanding bond anticipation notes and provide an additional \$4,000,000 in new money for the Village Hall/Fire Station project to fully exhaust the borrowing authorization for this project.

Nature of the Obligation

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

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

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

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted” prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law” or “Chapter 97”). 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 Village 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 Village’s power to increase its annual tax levy, with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See “TAX LEVY LIMITATION LAW” herein.

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

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

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

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

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

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

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

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository 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 each note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, a limited-purpose trust company organized under the New York Banking Law, is 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 3.6 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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”). DTC has Standard & Poor’s highest rating: AAA. 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.

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

To facilitate subsequent transfers, all 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 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. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them. Redemption proceeds, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Village on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Village, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company.

THE VILLAGE 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 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 VILLAGE 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 ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

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

Certificated Notes

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

The Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the Village. The Notes will remain subject to redemption prior to their stated final maturity date.

THE VILLAGE

General Information

The Village of Scotia is a small community located directly on the Mohawk River in the Capital Region of New York State. Incorporated in 1904, our 1.7 square mile community boasts a population of 7,321 residents. The Village is noted for its beautiful parks and active waterfront. Residents and visitors can enjoy fishing and swimming in Collins Lake or picnicking and relaxation in Collins, Quinlan, and Freedom Parks. Our riverfront is home to the U.S. Water Ski Show Team, and river travelers are welcome to make use of our overnight docking accommodations.

Residents enjoy the Village of Scotia as a walkable community. The Village is home to a library and post office, movie theater, several restaurants, grocery shopping, and most other services and necessities in an area easily navigated by foot. Residents also enjoy the fact that the Village is a full service community. Our police, fire, public works, park, and clerical professionals work to maintain the safe, small town atmosphere that defines our community.

The Village's sense of community shines in the events the Village hosts every year. The season starts with our annual Memorial Day Parade. Our Father's Day Car Show has grown each year and attracts a large crowd. The summer concert series in Freedom Park presents as many as four shows each week over the summer months, and during the holidays the Village's Holiday on the Ave. event provides a good excuse to get outside in the cold.

Source: Village officials.

Population Trends

<u>Year</u>	<u>Village</u>	<u>County</u>	<u>New York State</u>
2010	7,729	154,727	19,378,102
2020	7,272	158,058	20,201,249
2022	7,236	160,093	19,677,151
2023	7,221	159,902	19,571,216
2024	7,321	162,261	19,867,248

Source: U.S. Bureau of the Census.

Larger Employers

Larger employers located within the Village are as follows:

<u>Name</u>	<u>Business</u>	<u>Approximate Number of Employees</u>
Baptist Retirement Center	Nursing Home	200
Scotia Glenville School District	Elementary Schools	135
First National Bank of Scotia	Bank	110
Village of Scotia	Municipality	50
Marshall & Sterling	Insurance	39

Source: Village officials.

Unemployment Rate Statistics

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

	<u>Annual Averages</u>								
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Schenectady County	4.4%	4.5%	4.0%	3.7%	7.9%	5.1%	3.5%	3.5%	3.7%
New York State	4.9	4.6	4.1	3.9	9.8	7.1	4.3	4.1	4.3

	<u>2025 Monthly Figures</u>				
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>April</u>	<u>May</u>
Schenectady County	4.1%	4.4%	3.8%	N/A	N/A
New York State	4.6	4.3	4.1	N/A	N/A

Note: Unemployment rates for April and May of 2025 are not available as of the date of this Official Statement.

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

Selected Wealth and Income Indicators

Per capita income statistics are available for the Village, County and State. Listed below are select figures from U.S. Census Bureau 2006-2010, 2016-2020, and 2019-2023 American Community Survey 5-Year data.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>
Village of:						
Scotia	\$ 27,092	\$ 33,988	\$ 39,461	\$ 41,467	\$ 84,737	\$ 106,009
County of:						
Schenectady	27,500	33,379	41,529	70,712	86,124	98,882
State of:						
New York	30,948	40,898	49,520	67,405	87,270	105,060

Note: 2020-2024 American Community Survey estimates are not available as of the date of this Official Statement.

Form of Village Government

The Village Mayor is the chief administrative and executive officer of the Village and is the chief administrator of all Village departments. The Mayor is elected for a term of four years and is eligible to succeed himself. He is also a member of the Board of Trustees. The Mayor, with the approval of the Board of Trustees, appoints the Village Clerk Treasurer to serve a four year term.

The legislative and administrative body of the Village is the Board of Trustees, composed of the Mayor and four Trustees. Trustees are elected for a term of four years. Each term is staggered so that every four years two Trustees run for election.

Financial Organization

The Village Clerk-Treasurer is the Chief Fiscal Officer of the Village. It is the Village Clerk-Treasurer's duty to receive, disburse and account for all financial transactions. The Village Clerk-Treasurer serves at the pleasure of the Village Board of Trustees. The Village Clerk-Treasurer serves as the tax collector.

Budgetary Procedures and Recent Budget Votes

The Village prepares the proposed budget each year, pursuant to the Laws of the State, and a public hearing is held thereon. Subsequent to the public hearing revisions, if any, are made and the budget is then adopted by the Village Board of Trustees as its final budget for the coming fiscal year. The budget is not subject to referendum.

The Village's 2024-25 budget includes a 7.65% increase in the property tax levy, which is above the Village's tax levy cap of 3.70% for the 2024-25 fiscal year.

The Village's 2025-26 budget includes a 7.32% increase in the property tax levy, which is above the Village's tax levy cap of 2.13% for the 2025-26 fiscal year. The Village did vote to override the tax cap in 2025-26.

Investment Policy

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

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

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State Aid

The Village receives financial assistance from the State. In its budget for the fiscal year ending May 31, 2025, approximately 4.43% of the revenues of the Village are expected to be received in the form of State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Village, in any year, the Village may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, as has been the case in some prior years, municipalities and school districts in the State, including the Village, may be affected by a delay in the payment of State aid. The amount of State aid the Village receives, as compared to total revenues, is not substantial and therefore, the Village does not expect any potential delays or withholdings to have any material impact on the financial condition of the Village.

The State is not constitutionally obligated to maintain or continue State aid to the Village. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have an effect, although not substantial, upon the Village requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See "MARKET AND RISK FACTORS" herein).

Employees

The Village currently employs approximately 50 full-time and 22 part-time employees. The following is a breakdown of employee representation by collective bargaining agents which represent them and the dates of expiration of their agreements:

<u>Employees Represented</u>	<u>Union Representation</u>	<u>Contract Expiration Date</u>
14	CSEA	May 31, 2028
14	Scotia Professional Firemen’s Association	May 31, 2024 ⁽¹⁾
15	Scotia Patrolmen’s Benevolent Association	May 31, 2027
4	Scotia Department Heads Association	May 31, 2024 ⁽¹⁾

⁽¹⁾ Contracts are currently under negotiation for extension

Source: Village officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the City are members of the New York State and Local Employees’ Retirement System (“ERS”) or the New York State and Local Police and Fire Retirement System (“PFRS”; with ERS, the “Retirement Systems”). The ERS and PFRS together are generally also known as the “Common Retirement Fund”. The Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the “Retirement System Law”). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory 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 as described below, all members working less than ten years must contribute 3% of gross annual salary towards the cost of retirement programs.

On December 10, 2009, then Governor Paterson signed into law pension reform legislation that is projected to provide (according to a Division of the Budget analysis) more than \$35 billion in long-term savings to State taxpayers over a period of thirty years. The legislation created a new Tier V pension level. Key components of Tier V included:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years, which has since been changed to 5 years as of April 9, 2022.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, the Governor signed into law the Tier VI pension program, effective for new ERS and PFRS employees hired after April 1, 2012. The Tier VI 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 VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

The Village has made retirement contributions to the Retirement Systems as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>PFRS</u>
2019-2020	\$ 204,434	\$ 471,313
2020-2021	214,516	584,376
2021-2022	244,921	697,859
2022-2023	173,110	697,325
2023-2024	203,175	725,869
2024-2025 (Budgeted)	246,950	919,540
2025-2026 (Budgeted)	285,070	1,030,088

Source: Village officials.

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

A chart of average ERS and PFRS rates (2021 to 2025) is shown below:

<u>State Fiscal Year Ending</u>	<u>ERS</u>	<u>PFRS</u>
2021	14.6%	24.4%
2022	16.2	28.3
2023	13.1	27.8
2024	15.2	31.2
2025	16.5	33.7

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program that establishes a minimum contribution for any employer equal to 4.5% of pensionable salaries for required contributions due December 15, 2003 and for all years thereafter where the actual rate would otherwise be 4.5% or less. In addition, it instituted a billing system that will advise employers over one year in advance concerning actual pension contribution rates. The law further allowed a five-year amortization at 8% interest of a portion of the required contributions for the 2004 fiscal year that exceeds 7% of payroll-assuming the required contribution is in excess of 7%.

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

Stable Rate Pension Contribution Option. The Enacted 2013-14 State Budget includes a provision that provides local governments, including the Village, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and PFRS. For 2014 and 2015 the rate is 12.0% for ERS and 20% for PFRS; the rates applicable to 2016 and thereafter are subject to adjustment. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years.

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

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

Other Post-Employment Benefits

Healthcare Benefits. School districts and boards of cooperative educational 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 since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

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

GASB 75. In 2015, the Governmental Accounting Standards Board (“GASB”) released new accounting standards for public Other Post-Employment Benefits (“OPEB”) plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. The implementation of this statement requires school districts to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the Village to calculate and report a net OPEB obligation.

The following outlines the changes to the Total OPEB Liability during the 2022-23 and 2023-24 fiscal years, by source.

	Balance beginning at:	May 31, 2022	May 31, 2023
		<u>\$ 12,996,700</u>	<u>\$ 13,352,780</u>
<u>Changes for the year:</u>			
Service cost		411,900	405,537
Interest		362,141	371,473
Differences between expected and actual experience		-	1,190,270
Changes in benefit terms		-	-
Changes in assumptions or other inputs		(129,275)	(1,496,195)
Benefit payments		<u>(288,686)</u>	<u>(304,539)</u>
Net Changes		<u>\$ 356,080</u>	<u>\$ 166,546</u>
	Balance ending at:	May 31, 2023	May 31, 2024
		<u>\$ 13,352,780</u>	<u>\$ 13,519,326</u>

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

There is no authority in current State law to establish a trust account or reserve fund for this liability. The Village has reserved \$0 towards its OPEB liability. The Village funds this liability on a pay-as-you-go basis.

Other Information

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

The Village is compliance with the procedure for the validation of the Notes provided in Title 6 of Article 2 of the Local Finance Law.

No principal or interest upon any obligation of this Village is past due.

The fiscal year of the Village is June 1 to May 31.

Other than as described in the section titled "Estimated Overlapping Indebtedness," this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the Village.

Financial Statements

The Village's audited financial statements for the fiscal year ending May 31, 2023 are available and is attached hereto as "APPENDIX-D". Certain financial information of the Village may be found in the Appendices to this Official Statement.

In addition, the State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the Village has complied with the requirements of various State and Federal statutes. These audits can be searched on the Office of the State Comptroller website. There have not been any recent State Comptroller audits of the Village nor are any in progress.

The Village complies with the Uniform System of Accounts as prescribed for villages in New York State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Unaudited Results of Operations for Fiscal Year Ending June 30, 2025.

Based upon preliminary estimates, the District expects to end the fiscal year ended June 30, 2025 with a cumulative unappropriated unreserved fund balance of \$1,985,071.

Summary of estimated and unaudited information for the General Fund for the period ended June 30, 2025 is as follows:

Revenues:	\$ 9,576,486
Expenditures:	<u>9,766,486</u>
Excess (Deficit) Revenues Over Expenditures:	\$ (190,000)
Beginning Fund Balance June 30, 2024:	<u>\$ 2,175,071</u>
Total Fund Balance (including reserves) May 31, 2025:	<u>\$ 1,985,071</u>

Note: These projections are based upon certain current assumptions and estimates, and the audited results may vary therefrom.

New York State Comptroller Reports of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the Village has complied with the requirements of various State and Federal statutes. These audits can be searched on the official website of the Office of the New York State Comptroller.

There have been no State Comptroller reports of examination of the Village that have been published within the last five years, nor are there any that are currently in progress or pending release.

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

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.

State Comptroller Fiscal Stress Monitoring System

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

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

The reports of the State Comptroller for the below fiscal years of the Village are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2024	No Designation	0.0
2023	No Designation	6.3
2022	No Designation	6.3

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

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.

TAX INFORMATION

Taxable Assessed Valuations

<u>Fiscal Year Ending May 31st</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Assessed Valuation	\$ 378,234,697	\$ 378,576,696	\$ 381,264,947	\$ 382,310,596	\$ 381,192,162
New York State Equalization Rate	85.00%	75.00%	68.00%	61.00%	55.00%
Total Taxable Full Valuation	\$ 444,981,996	\$ 504,768,928	\$ 560,683,746	\$ 626,738,682	\$ 693,076,658

Tax Rate Per \$1,000 (Assessed)

<u>Year of Tax Roll:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
	\$ 14.66	\$ 14.93	\$ 15.11	\$ 16.23	\$ 17.47

Tax Levy and Tax Collection Record

<u>Year of Tax Roll:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Total Tax Levy	\$ 5,544,626	\$ 5,652,790	\$ 5,762,790	\$ 6,203,459	\$ 6,657,740
Uncollected End of Year ⁽¹⁾	-	-	-	-	-
% Uncollected End of Year	-	-	-	-	-

⁽¹⁾ Uncollected taxes are paid to the Village by the County. See “Tax Collection Procedure” herein.

Tax Collection Procedure

Tax payments are due on June 1 to and including July 1 in each year without penalty. Penalties for tax delinquencies are imposed at the rate of 5% for the first month delinquent and an additional 1% for each month or fraction thereof thereafter through and including August. The County remits to the Village the amount of uncollected taxes, and then administers the delinquent collections, thus assuring that the Village receives its entire levy in the same fiscal year.

Ten Largest Taxpayers – 2025 Assessment Roll for 2025-26 Village Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Value</u>
National Grid	Utility	\$ 8,350,844
MHG 164 Sacandaga Rd	Hotel	4,550,000
Mazzone Admin Group	Hotel/Banquet	3,400,000
Scotia Manor Apts	Apartments	2,882,420
Scotia Associates	CVS Pharmacy	1,815,600
First National Bank of Scotia	Bank	1,719,100
Westmere Realty, LLC	Apartments	1,299,935
Adirondack Manor	Adult Care Facility	1,250,000
CSX Transportation	Railroad	1,085,149
Stewart’s Shops Corp.	Commercial	944,100

The Village currently does not have any pending or outstanding tax certioraris that are known or believed could have a material impact on the finances of the Village.

The taxpayers listed above have a total taxable assessed valuation of \$27,297,148, which represents 7.16% of the Village tax base for the 2025-2026 fiscal year.

Source: Village Tax Rolls.

Additional Tax Information

Real property in the Village is assessed by the Town.

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

The property tax bill of a \$ 130,000 typical residence in the Village is currently estimated to be \$ 2,270.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

Statutory Procedure

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

Pursuant to the Local Finance Law, the Village authorizes the issuance of bonds by the adoption of a bond resolution approved by at least two-thirds of the members of the Board of Trustees, the finance board of the Village. Customarily, the Board of Trustees has delegated to the Village Treasurer, as chief fiscal officer of the Village, the power to authorize and sell bonds.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, may be contested only if:

- (1) Such obligations are authorized for a purpose for which the Village is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligation and an action contesting such validity is commenced within twenty days after the date of such publication, or
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

The Village complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

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

Each bond resolution also authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York, permits notes to be renewed each year provided that principal is amortized and provided that such renewals do not (with certain exceptions) extend five years beyond the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five-year limit and may be renewed subject to annual reductions of principal for the entire period of probable usefulness of the purpose for which such notes were originally issued.

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending May 31:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Bonds	\$ 2,199,891	\$ 1,972,397	\$ 1,744,903	\$ 3,450,870	\$ 3,153,376
Bond Anticipation Notes	992,896	1,861,403	3,044,800	8,800,000	9,750,000
Installment Purchase Debt	<u>445,198</u>	<u>410,125</u>	<u>357,845</u>	<u>279,973</u>	<u>246,838</u>
Totals	<u>\$ 3,637,985</u>	<u>\$ 4,243,925</u>	<u>\$ 5,147,548</u>	<u>\$ 12,530,843</u>	<u>\$ 13,150,214</u>

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Village as of June 4, 2025.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2025-2051	\$ 3,038,376
<u>Bond Anticipation Notes</u>		
Fire Station/Village Hall	June 28, 2024	<u>9,750,000</u> ⁽¹⁾
Total Debt Outstanding:		<u>\$13,090,870</u>

⁽¹⁾ To be partially redeemed and renewed at maturity with the proceeds of the Notes.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin prepared and shown as of June 4, 2025:

Average Full Valuation of Taxable Real Property	<u>\$ 566,050,002</u>
Debt Limit – 7% thereof	39,623,500
<u>Inclusions:</u>	
Bonds.....	\$ 3,038,376
Bond Anticipation Notes	<u>9,750,000</u>
Total Inclusions.....	<u>\$ 12,788,376</u>
<u>Exclusions:</u>	
Appropriations ⁽¹⁾	\$ 33,305
Water Debt ⁽²⁾	<u>1,873,461</u>
Total Exclusions.....	<u>\$ 1,906,766</u>
Total Net Indebtedness Subject to Debt Limit.....	<u>\$ 10,881,610</u>
Net Debt-Contracting Margin.....	<u>\$ 28,741,890</u>
The percent of debt contracting power exhausted is.....	27.46%

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

⁽²⁾ Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.

Bonded Debt Service

A schedule of Bonded Debt Service may be found in “APPENDIX – B” to this Official Statement.

Cash Flow Borrowings

The Village has not issued tax anticipation notes or revenue anticipation notes since 2013 and does not reasonably expect to do so in the foreseeable future.

Capital Project Plans

On May 11, 2022 the Village board authorized a bond resolution for the construction of a new Fire Safety Facility in the Village. The resolution authorized the issuance of up to \$8,800,000 serial bonds to finance the construction project. On May 11, 2022 the Village board also authorized a bond resolution for the reconstruction and renovation of the current Village Hall/Fire Station. The resolution authorized the issuance of up to \$5,000,000 serial bonds to finance the construction project.

On September 29, 2022 the Village issued \$980,000 bond anticipation notes, maturing on June 30, 2023. A \$480,000 portion of said notes represented the initial borrowing for the Fire Safety Facility project. On June 29, 2023 the Village issued \$8,800,000 bond anticipation notes, of which, a \$8,300,000 portion was used to fully redeem and renew the \$480,000 portion of the bond anticipation notes maturing on June 30, 2023 as well as provide \$7,820,000 in new financing for the Fire Safety Facility project. On June 27, 2024 the Village issued \$9,750,000 bond anticipation notes to mature June 27, 2025, a \$8,790,000 portion of the proceeds of said bond anticipation notes, along with \$10,000 in available funds of the Village partially redeemed and renewed the \$8,300,000 portion of the bond anticipation notes maturing on June 29, 2024 as well as provided an additional \$500,000 in new monies for the aforementioned project to fully exhaust the borrowing authorization for this project. A \$8,645,000 portion of the proceeds of the Notes along with \$145,000 available funds of the Village will partially redeem and renew the outstanding \$8,790,000 portion of the bond anticipation notes that mature on June 27, 2025

On May 11, 2022 the Village board also authorized a bond resolution for the reconstruction and renovation of the current Village Hall/Fire Station. The resolution authorizes the issuance of \$5,000,000 serial bonds to finance the above mentioned project. On September 29, 2022 the Village issued \$980,000 bond anticipation notes, maturing on June 30, 2023. A \$500,000 portion of said notes represented the initial borrowing for the Village Hall/Fire Station project. On June 29, 2023 the Village issued \$8,800,000 bond anticipation notes, of which, a \$500,000 portion was used to fully redeem and renew the applicable portion of the bond anticipation notes that matured on June 30, 2023 for the Village Hall/Fire Station project. On June 27, 2024 the Village issued \$9,750,000 bond anticipation notes to mature June 27, 2025, a \$960,000 portion of the proceeds of said bond anticipation notes along with \$40,000 in available funds of the Village partially redeemed and renewed the \$500,000 portion of the bond anticipation notes set to mature on June 29, 2024 as well as provided an additional \$500,000 in new monies against the Village Hall/Fire Station authorization. A \$940,000 portion of the proceeds of the Notes along with \$20,000 available funds of the Village will partially redeem and renew the remaining \$960,000 portion of the outstanding bond anticipation notes and provide an additional \$4,000,000 in new money for the Village Hall/Fire Station project to fully exhaust the borrowing authorization for this project.

Other than as listed above, there are presently no other capital projects authorized by the District.

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Estimated Overlapping Indebtedness

In addition to the Village, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the Village. The estimated outstanding indebtedness of such political subdivisions is as follows:

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾⁽⁴⁾	<u>Estimated Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>Village Share</u>	<u>Net Overlapping Indebtedness</u>
County of: Schenectady	6/25/2024	\$ 70,605,000	\$ 4,910,000 ⁽²⁾	\$ 65,695,000	4.23%	\$ 2,778,899
Town: Glenville	2/21/2025	8,035,306	4,488,493 ⁽²⁾	3,546,813	18.06%	640,554
School District: Scotia-Glenville CSD	12/18/2024	34,209,000	25,725,168 ⁽³⁾	8,483,832	25.50%	2,163,377
					Total:	<u>\$ 5,582,830</u>

- (1) Not adjusted to include subsequent issuances, if any, from the date of the status of indebtedness stated in the table above for each respective municipality.
- (2) Water debt, sewer debt and budgeted appropriations as applicable to the respective municipality. Water Indebtedness excluded pursuant to Article VIII, Section 5B of the New York State Constitution. Sewer Indebtedness excluded pursuant to Article VIII, Section 5E of the New York State Constitution, as further prescribed under section 124.10 of the Local Finance Law. Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.
- (3) Estimated State building aid based on current aid ratio of 75.2%.
- (4) Gross Indebtedness, Exclusions, and Net Indebtedness sourced from annual financial information & operating data filings and/or official statements of the respective municipality.

Debt Ratios

The following table sets forth certain ratios relating to the Village's indebtedness as of June 4, 2025:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 10,881,610	\$ 1,506.94	1.57%
Net Plus Net Overlapping Indebtedness ^(d)	16,612,745	2,280.08	2.38%

- (a) The 2023 estimated population of the Village is 7,221. (See "THE VILLAGE – Population Trends" herein.)
- (b) The Village's full value of taxable real estate for the 2025-2026 fiscal year is \$693,076,658. (See "Taxable Assessed Valuations" herein.)
- (c) See "Debt Statement Summary" herein for the calculation of Net Indebtedness.
- (d) The Village's applicable share of Net Overlapping Indebtedness is estimated to be \$5,582,830. (See "Estimated Overlapping Indebtedness" herein.)

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision. Each Bond when duly issued and paid for will constitute a contract between the Village and the holder thereof. Under current law, provision is made for contract creditors of the Village to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Village upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

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

Authority to File For Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as the Village, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

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

No current state law purports to create any priority for holders of the Notes should the Village be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The rights of the owners of Notes to receive interest and principal from the Village could be adversely affected by the restructuring of the Village's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the Village (including the Notes) to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the Village under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

State Debt Moratorium Law. There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

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

As a result of the Court of Appeals decision in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law, described below, enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Village.

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law. The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or village. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an “emergency financial control board” for any county, city, town or village upon determination that such a state of financial emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board requests the municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law (“Title 6-A”) effectively prohibits the doing of any act for ninety days in the payment of claims, against the municipality including payment of debt service on outstanding indebtedness.

This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such “additional period of time as is required to carry out fully all the terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder.” Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims including debt service due or overdue must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing, that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a “material change in circumstances” the repayment plan is no longer in compliance with statutory requirements.

Once an approved repayment plan has been completed, the court, after a hearing upon motion of any creditor, or a motion of the municipality or its emergency financial control board, will enter an order vacating any stay then in effect and enjoining of creditors who accepted the plan or any benefits thereunder from commencing or continuing any court action, proceeding or other act described in Title 6-A relating to any debt included in the plan.

Title 6-A requires notice to all creditors of each material step in the proceedings. Court determinations adverse to the municipality or its financial emergency control board are appealable as of right to the appellate division in the judicial department in which the court is located and thereafter, if necessary, to the Court of Appeals. Such appeals stay the judgment or appealed from and all other actions, special proceedings or acts within the scope of Section 85.30 of Title 6-A pending the hearing and determination of the appeals.

Whether Title 6-A is valid under the Constitutional provisions regarding the payment of debt service is not known. However, based upon the decision in the *Flushing National Bank* case described above, its validity is subject to doubt.

While the State Legislature has from time to time adopted legislation in response to a municipal fiscal emergency and established public benefit corporations with a broad range of financial control and oversight powers to oversee such municipalities, generally such legislation has provided that the provisions of Title 6-A are not applicable during any period of time that such a public benefit corporation has outstanding indebtedness issued on behalf of such municipality.

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Fiscal Stress and State Emergency Financial Control Boards. Pursuant to Article IX Section 2(b)(2) of the State Constitution, any local government in the State may request the intervention of the State in its “property, affairs and government” by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and approve collective bargaining agreements in certain cases. Implementation is left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, on a certificate of necessity of the governor reciting facts which in the judgment of governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature the State is authorized to intervene in the “property, affairs and governments” of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

In 2013, the State established a new state advisory board to assist counties, cities, towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the “FRB”), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities and is authorized to offer grants and/or loans of up to \$5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

The FRB is also authorized to serve as an alternative arbitration panel for binding arbitration.

Although from time to time, there have been proposals for the creation of a statewide financial control board with broad authority over local governments in the State, the FRB does not have emergency financial control board powers to intervene such as the public benefit corporations established by special acts as described above.

Several municipalities in the State are presently working with the FRB. The Village has not requested FRB assistance nor does it reasonably expect to do so in the foreseeable future. School districts and fire districts are not eligible for FRB assistance.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: “If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness.” This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

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

Default Litigation. In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service. See "THE NOTES - Nature of the Obligation" and "State Debt Moratorium Law" herein.

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

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Notes. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential investment risk.

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

The Village is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the Village, in any year, the Village may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the Village. In some years, the Village has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "State Aid".)

There are a number of general factors which could have a detrimental effect on the ability of the Village to continue to generate revenues, particularly property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in tax certiorari proceedings could result in a significant reduction in the assessed valuation of taxable real property in the Village. Unforeseen developments could also result in substantial increases in Village expenditures, thus placing strain on the Village's financial condition. These factors may have an effect on the market price of the Notes.

If a holder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. If and when a holder of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. Recent global financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

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

Cybersecurity

The Village, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the Village will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

TAX MATTERS

The Notes. In the opinion of Hodgson Russ LLP, Albany, New York, Bond Counsel, under existing law, interest on the Notes is excludable from the gross income of the owners thereof for federal income tax purposes, assuming compliance with certain covenants and the accuracy of certain representations. Further, (a) the Village or another Person, by failing to comply with the requirements contained in the Internal Revenue Code of 1986, as amended (the “Code”), may cause interest on the Notes to become subject to federal income taxation from the date of issuance thereof, (b) interest on the Notes is not an “item of tax preference” for purposes of the individual alternative minimum tax imposed by the Code, and (c) interest on the Notes is included in the tax base for purposes of computing the branch profits tax under Section 884 of the Code. Interest on the Notes will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

Tax Requirements. In rendering the foregoing opinions, Bond Counsel noted that exclusion of the interest on the Notes from gross income for federal income tax purposes may be dependent, among other things, on compliance with the applicable requirements of Sections 141, 148 and 149 of the Code and the regulations thereunder (collectively, the “Tax Requirements”). In the opinion of Bond Counsel, the Tax Compliance Certificate establishes requirements and procedures, compliance with which will satisfy the Tax Requirements.

In the Tax Compliance Certificate, the Village has covenanted to comply with the Tax Requirements, and refrain from taking any action which would cause the interest on the Notes to be includable in gross income for federal income tax purposes. Any violation of the Tax Requirements may cause the interest on the Notes to be included in gross income for federal income tax purposes from the date of issuance of the Notes. Hodgson Russ LLP expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

Bank Qualified. The Notes will NOT be designated as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code.

Other Impacts. Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of, the Notes may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S Corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisers as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Information Reporting and Backup Withholding. In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest and the proceeds of the sale of a Note before maturity within the United States. Backup withholding may apply to holders of the Note under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner’s United States Federal income tax provided the required information is furnished to the Internal Revenue Service (the “Service”).

Future Legislation. Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. The Code has been continuously subject to legislative modifications, amendments and revisions, and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government.

No representation is made as to the likelihood of such proposals being enacted or, if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Notes or the tax consequences of ownership of the Notes.

Prospective purchasers of the Notes should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Notes at other than their original issuance at the respective prices set indicated on the cover of this Official Statement should also consult their own tax advisers regarding other tax considerations, such as the consequences of market discount, as to which Bond Counsel expresses no opinion.

New York State Taxes. In the opinion of Bond Counsel, interest on the Notes is exempt, under existing statutes, from New York State and New York City personal income taxes.

Miscellaneous. All quotations from and summaries and explanations of provisions of laws do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes. Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. Unless separately engaged, Bond Counsel is not obligated to defend the Village or the owners of the Notes regarding the tax status of the interest thereon in the event of an audit examination by the IRS.

ALL PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE NOTES.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Hodgson Russ LLP, Bond Counsel, Albany, New York. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Village, all the taxable property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon (Subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York), without limitation as to rate or amount, provided, that the enforceability (but not the validity) of the Notes may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or Federal) affecting the enforcement of creditors' rights, (a) may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or federal) affecting the enforcement of creditors' rights, and (b) may be subject to the exercise of judicial discretion in appropriate cases, (ii) the Village has the power to comply with its covenant included in its arbitrage certificate with respect to the Notes relating to compliance with the Code as it relates to the Notes; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or Federal) affecting the enforcement of creditors' rights; and (iii) assuming that the Village complies with such covenants interest on the Notes is not includable in the gross income of the owners thereof for Federal income tax purposes under existing statutes and court decisions. Moreover, interest on the Notes is not an "item of tax preference" for purposes of the individual alternative minimum tax. Moreover, interest on the Notes may be subject to a branch profits tax of up to 30% when owned by certain foreign corporations. Furthermore, interest on the Notes may be subject to a tax at ordinary income rates when owned by "S Corporations" in certain cases. Interest on the Notes will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. 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 will express no opinion regarding other federal income tax consequences arising with respect to the Notes.

Such legal opinion also will state that (i) in rendering the opinions expressed therein, Bond Counsel has assumed the accuracy and truthfulness of all public records, documents and proceedings examined by Bond Counsel which have been executed or certified by public officials acting within the scope of their official capacities, and has not verified the accuracy or truthfulness thereof, and Bond Counsel also has assumed the accuracy of the signatures appearing upon such public records, documents and proceedings and such certifications; (ii) the scope of Bond Counsel's engagement in relation to the issuance of the Notes has extended solely to the examination of the facts and law incident to rendering the opinions expressed therein; (iii) the opinions expressed therein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Village together with other legally available sources of revenue, if any, will be sufficient to enable the Village to pay the principal of and interest on the Notes as the same respectively become due and payable; (iv) reference should be made to the Official Statement for factual information which, in the judgment of the Village, would materially affect the ability of the Village to pay such principal and interest; and (v) while Bond Counsel has participated in the preparation of the Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, no opinion is expressed by Bond Counsel as to whether the Village, in connection with the sale of the Notes, 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.

LITIGATION

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

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 Village threatened against or affecting the Village to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the Village taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the Village.

CONTINUING DISCLOSURE

In order to assist the purchaser(s) in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the Village will enter into a Material Event Notices Certificate with respect to the Notes, the form of which is attached hereto as "APPENDIX – C."

Historical Compliance

The Village is in compliance, in all material respects, within the last five years with all previous undertakings made pursuant to the Rule 15c2-12, however.

On December 5, 2023 the Village entered into a long term debt obligation through the New York State Environmental Facilities Corporation, a material event notice for said debt obligation was filed on May 15, 2024. In accordance with continuing disclosure undertakings pursuant to rule 15c2-12 the Village was obliged to disclose such obligation in a timely manner. A notice of failure to provide event filing information was therefore also filed in relation to this obligation on May 15, 2024.

RATING

The Notes are not rated. The purchaser of the Notes may choose to have a rating completed after the sale at the expense of the purchaser, including any fees to be incurred by the Village, as such rating action may result in a material event notification to be posted to EMMA and/or the provision of a supplement to the final Official Statement.

Moody's Investors Service ("Moody's") assigned its rating of "A1" to the Village's outstanding bonds. A rating reflects only the view of the rating agency assigning such rating and any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Phone: (212) 553-1653.

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

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

MISCELLANEOUS

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

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 Village management’s beliefs as well as assumptions made by, and information currently available to, the Village’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 Village’s files with the repositories. When used in Village documents or oral presentation, 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 Village, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the Village 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 Village 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 Village, as to which no representation can be made.

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

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

The Village's contact information is as follows: Maria A. Schmitz, Village Clerk/Treasurer, 4 N. Ten Broeck Street, Scotia, New York 12302, Phone: (518) 374-1071, Fax: (518) 374-0542, Email: mschmitz@villageofscotiany.gov

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

VILLAGE OF SCOTIA

Dated: June __, 2025

MARIA A SCHMITZ
Village Clerk/Treasurer

GENERAL FUND

Balance Sheets

Fiscal Years Ending May 31:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>ASSETS</u>					
Cash	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300
Investment	3,132,920	1,693,847	3,701,401	4,405,817	2,333,577
Accounts Receivable	138,784	27,012	52,768	142,786	116,598
State and Federal Aid Receivables	-	9,373	-	-	-
Due from Other Funds	-	-	-	44,221	525,618
Due from Other Governments	209,864	218,717	371,750	201,513	331,974
Restricted Cash & Investments	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-
TOTAL ASSETS	<u><u>\$ 3,481,868</u></u>	<u><u>\$ 1,949,249</u></u>	<u><u>\$ 4,126,219</u></u>	<u><u>\$ 4,794,637</u></u>	<u><u>\$ 3,308,067</u></u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 372,016	\$ 398,110	\$ 434,126	\$ 308,880	\$ 344,767
Accrued Liabilities	113,719	123,723	137,638	-	210,818
Cash Overdraft	1,643,977	-	1,891,669	1,897,793	-
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	151,499	-	152,346	-
Deferred Revenues	-	-	-	97,143	88,209
Other Liabilities	-	21,305	328,073	721,251	489,203
TOTAL LIABILITIES	<u><u>2,129,712</u></u>	<u><u>694,637</u></u>	<u><u>2,791,506</u></u>	<u><u>3,177,413</u></u>	<u><u>1,132,997</u></u>
<u>FUND EQUITY</u>					
Reserved	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 325,000
Unreserved:					
Appropriated	-	-	-	-	-
Unappropriated	<u>1,202,156</u>	<u>1,104,612</u>	<u>1,184,713</u>	<u>1,467,223</u>	<u>1,850,070</u>
TOTAL FUND EQUITY	<u><u>1,352,156</u></u>	<u><u>1,254,612</u></u>	<u><u>1,334,713</u></u>	<u><u>1,617,223</u></u>	<u><u>2,175,070</u></u>
TOTAL LIABILITIES & FUND EQUITY	<u><u>\$ 3,481,868</u></u>	<u><u>\$ 1,949,249</u></u>	<u><u>\$ 4,126,219</u></u>	<u><u>\$ 4,794,636</u></u>	<u><u>\$ 3,308,067</u></u>

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending May 31:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
REVENUES					
Real Property Taxes	\$ 4,890,246	\$ 5,194,706	\$ 5,539,391	\$ 5,646,091	\$ 5,758,171
Real Property Tax Items	131,475	146,364	156,900	163,062	179,249
Non-Property Tax Items	792,747	849,722	825,330	90,351	914,154
Departmental Income	198,686	138,615	71,322	889,478	140,808
Intergovernmental Charges	483,666	490,688	501,603	510,094	519,624
Use of Money & Property	74,255	5,091	4,778	174,483	301,214
Licenses and Permits	209,996	152,199	148,918	153,168	136,029
Fines and Forfeitures	77,152	53,454	89,673	66,710	47,412
Sale of Property and Compensation for Loss	37,419	77,302	23,392	36,302	55,922
Interfund Revenues	-	-	-	-	-
Miscellaneous	32,958	80,638	96,796	96,310	49,905
Revenues from State Sources	505,024	267,200	526,352	479,397	577,624
Revenues from Federal Sources	120,395	88,219	248,543	157,876	797,005
Total Revenues	<u>\$ 7,554,019</u>	<u>\$ 7,544,198</u>	<u>\$ 8,232,998</u>	<u>\$ 8,463,322</u>	<u>\$ 9,477,117</u>
EXPENDITURES					
General Government Support	\$ 451,779	\$ 391,269	\$ 442,890	\$ 498,924	\$ 672,325
Public Safety	3,019,620	3,029,892	3,182,570	3,245,730	3,373,541
Health	43	79	86	31	-
Transportation	736,533	858,669	664,081	629,194	651,812
Economic Assistance	2,252	2,254	2,254	5,019	2,378
Culture and Recreation	363,860	300,425	623,012	402,502	1,029,776
Home and Community Services	735,754	780,633	808,861	788,661	813,858
Employee Benefits	2,030,477	2,151,659	2,257,725	2,438,196	2,441,798
Debt Service	130,155	126,862	171,418	172,553	197,040
Total Expenditures	<u>\$ 7,470,473</u>	<u>\$ 7,641,742</u>	<u>\$ 8,152,897</u>	<u>\$ 8,180,810</u>	<u>\$ 9,182,528</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 83,546</u>	<u>\$ (97,544)</u>	<u>\$ 80,101</u>	<u>\$ 282,512</u>	<u>\$ 294,589</u>
Other Financing Sources (Uses):					
Operating Transfers In	-	-	-	-	263,257
Operating Transfers Out	-	-	-	-	(325,000)
Total Other Financing	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61,743)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>83,546</u>	<u>(97,544)</u>	<u>80,101</u>	<u>282,512</u>	<u>232,846</u>
FUND BALANCE					
Fund Balance - Beginning of Year	1,268,610	1,352,156	1,254,612	1,334,713	1,617,225
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 1,352,156</u>	<u>\$ 1,254,612</u>	<u>\$ 1,334,713</u>	<u>\$ 1,617,225</u>	<u>\$ 1,850,071</u>

Source: Audited financial statements of the Village.
This Appendix is not audited.

GENERAL FUND

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

Fiscal Years Ending May 31:

	2024		2025	2026
	Adopted Budget	Actual	Adopted Budget	Adopted Budget
REVENUES				
Real Property Taxes	\$ 5,762,790	\$ 5,758,171	\$ 6,203,459	6,657,740
Real Property Tax Items	168,003	179,249	178,539	191,669
Non-Property Tax Items	912,000	914,154	920,000	943,000
Departmental Income	130,200	140,808	137,200	167,360
Intergovernmental Charges	527,500	519,624	537,500	615,875
Use of Money & Property	125,000	301,214	225,000	240,000
Licenses and Permits	153,000	136,029	148,000	150,600
Fines and Forfeitures	100,000	47,412	80,000	120,000
Sale of Property and				
Compensation for Loss	-	55,922	1,500	1,500
Miscellaneous	8,500	49,905	76,897	7,000
Interfund Revenues	-	-	-	-
Revenues from State Sources	412,697	577,624	395,185	501,626
Revenues from Federal Sources	-	797,005	-	-
Total Revenues	<u>\$ 8,299,690</u>	<u>\$ 9,477,117</u>	<u>\$ 8,903,280</u>	<u>\$ 9,596,370</u>
EXPENDITURES				
General Government Support	\$ 480,277	\$ 672,325	\$ 485,706	\$ 505,427
Public Safety	3,316,495	3,373,541	3,288,415	3,664,308
Health	100	-	100	100
Transportation	780,303	651,812	798,749	746,075
Economic Assistance	2,450	2,378	2,450	2,450
Culture and Recreation	368,157	1,029,776	383,717	387,853
Home and Community Services	831,975	813,858	848,549	881,003
Employee Benefits	2,498,863	2,441,798	2,873,990	3,112,288
Debt Service	171,070	197,040	546,604	721,866
Total Expenditures	<u>\$ 8,449,690</u>	<u>\$ 9,182,528</u>	<u>\$ 9,228,280</u>	<u>\$ 10,021,370</u>
Excess of Revenues Over (Under)				
Expenditures	<u>\$ (150,000)</u>	<u>\$ 294,589</u>	<u>\$ (325,000)</u>	<u>\$ (425,000)</u>
Other Financing Sources (Uses):				
Appropriated Fund Balance	150,000	(325,000)	325,000	300,000
Operating Transfers In	-	263,257	-	125,000
Operating Transfers Out	-	-	-	-
Total Other Financing	<u>150,000</u>	<u>263,257</u>	<u>325,000</u>	<u>425,000</u>
Excess of Revenues and Other				
Sources Over (Under) Expenditures				
and Other Uses	<u>-</u>	<u>557,846</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Fund Balance - Beginning of Year	-	1,617,223	-	-
Prior Period Adjustments (net)	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 2,175,069</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Audited financial statements and adopted budgets of the Village.
This Appendix is not audited.

BONDED DEBT SERVICE

Fiscal Year Ending May 31st	Principal	Interest	Total
2026	\$ 203,305	\$ 119,177	\$ 322,482
2027	211,766	112,823	324,589
2028	213,305	106,179	319,484
2029	185,000	99,330	284,330
2030	190,000	93,333	283,333
2031	195,000	87,085	282,085
2032	200,000	80,547	280,547
2033	210,000	73,565	283,565
2034	215,000	66,126	281,126
2035	65,000	61,045	126,045
2036	65,000	58,438	123,438
2037	70,000	55,615	125,615
2038	70,000	52,590	122,590
2039	70,000	49,488	119,488
2040	75,000	46,209	121,209
2041	75,000	42,755	117,755
2042	75,000	39,250	114,250
2043	75,000	35,714	110,714
2044	80,000	32,028	112,028
2045	80,000	28,150	108,150
2046	85,000	24,089	109,089
2047	85,000	19,905	104,905
2048	85,000	15,722	100,722
2049	90,000	11,415	101,415
2050	90,000	6,962	96,962
2051	95,000	2,362	97,362
2052	-	-	-
TOTALS	\$ 3,153,376	\$ 1,419,901	\$ 4,573,278

APPENDIX - B1
Village of Scotia

CURRENT BONDS OUTSTANDING

Fiscal Year Ending May 31st	2013 Capital Project			2018 Statutory Instalment Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 115,000	\$ 34,776	\$ 149,776	\$ 33,305	\$ 3,247	\$ 36,552
2027	120,000	31,573	151,573	33,305	2,165	35,470
2028	120,000	28,153	148,153	33,305	1,082	34,387
2029	125,000	24,538	149,538	-	-	-
2030	130,000	20,680	150,680	-	-	-
2031	135,000	16,605	151,605	-	-	-
2032	140,000	12,273	152,273	-	-	-
2033	145,000	7,604	152,604	-	-	-
2034	150,000	2,588	152,588	-	-	-
TOTALS	\$ 1,180,000	\$ 178,788	\$ 1,358,788	\$ 99,915	\$ 6,494	\$ 106,409

Fiscal Year Ending May 31st	2023 EFC Water Project		
	Principal	Interest	Total
2026	\$ 55,000	\$ 81,154	\$ 136,154
2027	58,461	79,086	137,547
2028	60,000	76,944	136,944
2029	60,000	74,792	134,792
2030	60,000	72,653	132,653
2031	60,000	70,480	130,480
2032	60,000	68,275	128,275
2033	65,000	65,961	130,961
2034	65,000	63,538	128,538
2035	65,000	61,045	126,045
2036	65,000	58,438	123,438
2037	70,000	55,615	125,615
2038	70,000	52,590	122,590
2039	70,000	49,488	119,488
2040	75,000	46,209	121,209
2041	75,000	42,755	117,755
2042	75,000	39,250	114,250
2043	75,000	35,714	110,714
2044	80,000	32,028	112,028
2045	80,000	28,150	108,150
2046	85,000	24,089	109,089
2047	85,000	19,905	104,905
2048	85,000	15,722	100,722
2049	90,000	11,415	101,415
2050	90,000	6,962	96,962
2051	95,000	2,362	97,362
TOTALS	\$ 1,873,461	\$ 1,234,619	\$ 3,108,080

MATERIAL EVENT NOTICES

This undertaking to provide notice of certain designated events (the “Disclosure Undertaking”) is executed and delivered by the Village of Scotia, a Village of the State of New York (the “Issuer”) in connection with the issuance of its **\$13,585,000 Bond Anticipation Notes, 2025** (the “Security”). The Security has a stated maturity of 18 months or less. The Issuer hereby covenants and agrees as follows:

Section 1. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes (for the benefit of Security Holders) to provide (or cause to be provided either directly or through a dissemination agent) to EMMA (or any successor thereto) in an electronic format (as prescribed by the MSRB) in a timely manner (not in excess of ten business days after the occurrence of any such event) notice of any of the following events with respect to the Security:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the Security, or other material events affecting the tax status of the Security;
- (7) Modifications to rights of Security Holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Security, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

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

- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;

- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Security Holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer may choose to disseminate other information in addition to the information required as part of this Disclosure Undertaking. Such other information may be disseminated in any manner chosen by the Issuer. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated pursuant to this Disclosure Undertaking.

(c) The Issuer may choose to provide notice of the occurrence of certain other events, in addition to those listed in Section 1(a) above, if the Issuer determines that any such other event is material with respect to the Security; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 2. Definitions

“EMMA” shall mean Electronic Municipal Market Access System implemented by the MSRB.

“Financial Obligation” shall mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Undertaking.

“Purchaser” shall mean the financial institution referred to in a certain Certificate of Determination that is being delivered by the Issuer in connection with the issuance of the Security.

“Rule 15c2-12” shall mean Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended through the date of this Disclosure Undertaking, including any official interpretations thereof.

“Security Holder” shall mean any registered owner of the Security and any beneficial owner of the Security within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Section 3. Remedies. If the Issuer fails to comply with any provision of this Disclosure Undertaking, then any Security Holder may enforce, for the equal benefit and protection of all Security Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Disclosure Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Disclosure Undertaking; provided that the sole and exclusive remedy for breach of this Disclosure Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Disclosure Undertaking shall not constitute an event of default on the Security.

Section 4. Parties in Interest. This Disclosure Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of Rule 15c2-12 and is delivered for the benefit of the Security Holders. No other person has any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any Security Holders, at any time while this Disclosure Undertaking is outstanding, the Issuer may enter into any amendments or changes to this Disclosure Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes to Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided as part of this Disclosure Undertaking and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Security Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Disclosure Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change; provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Security Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. (a) This Disclosure Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Security shall have been paid in full or the Security shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to EMMA. Such notice shall state whether the Security has been defeased to maturity or to redemption and the timing of such maturity or redemption.

(b) In addition, this Disclosure Undertaking, or any provision hereof, shall be null and void in the event that those portions of Rule 15c2-12 which require this Disclosure Undertaking, or such provision, as the case may be, do not or no longer apply to the Security, whether because such portions of Rule 15c2-12 are invalid, have been repealed, or otherwise.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Disclosure Undertaking shall constitute the written agreement or contract for the benefit of Security Holders, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Disclosure Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Disclosure Undertaking as of **June __, 2025**.

VILLAGE OF SCOTIA

By: /s/
Village Treasurer

VILLAGE OF SCOTIA

AUDITED FINANCIAL REPORT

Fiscal Year Ended May 31, 2024

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

The Town's independent auditor has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Town's independent auditor also has not performed any procedures relating to this Official Statement.

VILLAGE OF SCOTIA, NEW YORK

Financial Statements
and Single Audit Reports

May 31, 2024

VILLAGE OF SCOTIA, NEW YORK

May 31, 2024

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63 Putnam Street, Ste. 204
Saratoga Springs, NY 12866
(866) 247-6800

INDEPENDENT AUDITOR'S REPORT

Mayor and Members of the Village Board

Village of Scotia, New York

Scotia, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the general fund, water fund, sewer fund, special grant fund, capital projects fund, and the schedules of non-current governmental assets and governmental liabilities of the **Village of Scotia**, New York (the "Village") as of and for the year ended May 31, 2024, and the related notes to the financial statements as listed in the accompanying table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, water fund, sewer fund, special revenue fund, capital projects fund, and the schedules of non-current governmental assets and governmental liabilities of the Village as of May 31, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern within one year after the date that the financial statements are available to be issued, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards (GAAS) and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the general fund, water fund, sewer fund, special revenue fund, capital projects fund, and the schedules of non-current governmental assets and governmental liabilities and do not purport to, and do not present fairly the government-wide financial position of the Village as of May 31, 2024, or the changes in its government-wide financial position for the year then ended in accordance with GAAS. Our opinions are not modified with respect to this matter.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the Village's funds and schedules. The statements of revenues, expenditures and changes in fund balance compared to budget – general, water and sewer funds are presented for the purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The statements of revenues, expenditures and changes in fund balance compared to budget – general, water and sewer funds and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the

financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statements of revenues, expenditures and changes in fund balance compared to budget – general, water and sewer fund and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2025, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in dark ink, appearing to read "Catherine Harris", is positioned above the printed name.

Catherine Harris, CPA
CHS Wealth Management & CPAs, PLLC

Saratoga Springs, NY

February 20, 2025

VILLAGE OF SCOTIA, NEW YORK

Management's Discussion and Analysis

May 31, 2024

The Village of Scotia (the "Village") Management's Discussion and Analysis (MD&A) is designed to (1) assist the reader in focusing on significant financial issues, (2) provide summary of the Village's financial activity, (3) identify changes in the Village's financial position, and (4) identify any individual fund issues or concerns.

Since the MD&A is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Auditor letters, Village's financial statements, and notes to the financial statements.

GOVERNMENTAL ORGANIZATION

The Village was established pursuant to the enactment of the New York State Legislature. The Village is a political subdivision of the State having its own elected legislative body. The Village is a municipal corporation and is governed by the general laws of the State of New York and various local laws and ordinances. The Village performs local governmental functions within its jurisdiction. The Village is governed by an elected Village Board, one of the members being the Village Mayor who is chief executive of the Village.

FINANCIAL HIGHLIGHTS

The Villages net position increased by \$376,675 during the fiscal year ended **May 31, 2024**. At the end of the fiscal year, the Village reported a combined Governmental Funds ending fund balance of approximately \$8.56 million, compared to approximately \$8.18 million for the previous period. The Village issued \$8.8 million in bond anticipation notes (BANs) during the previous fiscal year.

USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT

Government-Wide Financial Statements

The financial statements' focus is on the major individual funds. The focus of the Balance Sheet for all Fund Types is designed to report bottom line results for the Village and its governmental and business-type activities. This statement reports governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations using the modified accrual basis of accounting and economic resources measurement focus.

The Statement Revenues, Expenditures and Changes in Fund Balance is focused on both the gross and net cost of various activities that are supported by the Village's general taxes and other resources. This is intended to summarize the cost of various government services and/or subsidy to various business-type activities performed by the Village.

See accompanying independent auditor's report on the financial statements.

VILLAGE OF SCOTIA, NEW YORK

Management's Discussion and Analysis

May 31, 2024

The various governmental activities reflect the Village's basic services, including police, fire, public works, community development, and general administration. Property taxes, shared state sales taxes, local utility taxes, licenses and permits, federal and state aid, and shared state income taxes finance the majority of these activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fund Financial Statement allows the demonstration of sources and uses and/or budgeting compliance associated therewith.

Governmental Funds

The governmental major fund presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. The focus of governmental funds is narrower than that of the government-wide financial statements. The Village maintains six (6) individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Water Fund, Sewer Fund, Business Improvement Fund, Community Development Fund and Capital Projects Fund. The Schedules of Non-Current Government Assets and Non-Current Government Liabilities is also presented. These statements in total do not represent fairly the government-wide financial position for the year then ended in accordance with GAAS.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Governmental Fund Financial Statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including the schedule of non-current government assets and schedule of non-current government liabilities, and the schedule of expenditures of federal awards.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

The chart on the following page compares the Village's financial statements using the modified-accrual basis of accounting and current economic resources measurement focus for years ended May 31, 2024, and 2023.

See accompanying independent auditor's report on the financial statements.

VILLAGE OF SCOTIA, NEW YORK

Management's Discussion and Analysis

May 31, 2024

	May 31 2024	2023	Dollar Change	Percent Change
Assets				
Cash	\$ 4,751,618	\$ 3,152,029	\$ 1,599,589	50.7
Investment	2,621,190	4,405,817	(1,784,627)	(40.5)
Accounts receivable	329,520	379,655	(50,135)	(13.2)
Due from other governments	331,974	201,513	130,461	64.7
Due from other funds	525,618	44,221	481,397	1,088.6
Total Assets	<u>\$ 8,559,920</u>	<u>\$ 8,183,235</u>	<u>\$ 376,685</u>	4.6
Liabilities				
Accounts payable & accruals	\$ 1,418,751	\$ 3,128,692	\$ (1,709,941)	(54.7)
Deferred revenue	88,209	97,143	(8,934)	(9.2)
Other liabilities	561,953	777,436	(215,483)	(27.7)
Bond anticipation notes	8,800,000	2,965,500	5,834,500	196.7
Due to other governments	-	152,346	(152,346)	(100.0)
Due to other funds	525,618	44,221	481,397	1,088.6
Total Liabilities	<u>\$ 11,394,531</u>	<u>\$ 7,165,338</u>	<u>\$ 4,229,193</u>	59.0
Deferred inflows	\$ 12,411	\$ 20,381	\$ (7,970)	(39.1)
Fund Balance				
Assigned	\$ 461,359	\$ 197,826	\$ 263,533	133.2
Unassigned	(3,308,381)	799,690	(4,108,071)	(513.7)
Total Fund Balance	<u>\$ (2,847,022)</u>	<u>\$ 997,516</u>	<u>\$ (3,844,538)</u>	(385.4)
Total Liabilities, Deferred Inflows & Fund Balance	<u>\$ 8,559,920</u>	<u>\$ 8,183,235</u>	<u>\$ 376,685</u>	4.6
Revenues				
Tax items	\$ 6,877,299	\$ 5,922,780	\$ 954,519	16.1
Non-tax items	4,018,237	4,426,061	(407,824)	(9.2)
Federal aid	1,830,094	1,341,318	488,776	36.4
State aid	577,624	479,397	98,227	20.5
Total revenues	<u>\$ 13,303,254</u>	<u>\$ 12,169,556</u>	<u>\$ 1,133,698</u>	9.3
Expenditures				
General	\$ 1,403,096	\$ 839,319	\$ 563,777	67.2
Safety	9,280,769	3,699,096	5,581,673	150.9
Transportation	651,812	629,194	22,618	3.6
Recreation	1,029,776	402,502	627,274	155.8
Community Services	3,696,934	3,893,259	(196,325)	(5.0)
Employee Benefits	2,645,389	2,628,555	16,834	0.6
Debt Service	428,799	379,095	49,704	13.1
Miscellaneous	2,677	5,050	(2,373)	(47.0)
Total expenditures	<u>\$ 19,139,252</u>	<u>\$ 12,476,070</u>	<u>\$ 6,663,182</u>	53.4
Other financing sources/uses	<u>\$ 1,991,461</u>	<u>\$ 39,500</u>	<u>\$ 1,951,961</u>	
Revenues (under) over expenditures	<u>\$ (3,844,537)</u>	<u>\$ (267,014)</u>	<u>\$ (5,529,484)</u>	

See accompanying independent auditor's report on the financial statements.

VILLAGE OF SCOTIA, NEW YORK

Management's Discussion and Analysis

May 31, 2024

NORMAL IMPACTS ON NET POSITION/FUND BALANCE

Please note that there are certain common transactions that can affect the comparability of the balance sheet.

Net Results of Activities - which will impact current assets and unrestricted net position.

Borrowing for Capital - which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital - which will reduce current assets and increase capital assets. There is a second impact, an increase in net investment in capital assets and an increase in related net debt, which will not change the net investment in capital assets.

Spending Non-borrowed Current Assets on New Capital - which will reduce current assets/increase capital assets and will reduce unrestricted net assets/increase net investment in capital assets.

Principal Payment on Debt - which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net assets and increase net investment in capital assets.

CURRENT YEAR IMPACTS

During the previous fiscal year, the Village utilized the funds from a \$13.8 million bond offering that was approved by the voters in 2022 to build a new \$8.8 million fire station and complete \$5 million in renovations to the existing municipal building complex. Renovations on the municipal building were finalized during the previous fiscal year, and the new firehouse was opened on July 3, 2024. Approximately \$6.5 million of these costs were incurred in the capital projects fund during the previous fiscal year. These two projects are the reason for the large increase in the safety and general expenditures categories of the summarized financial statements on the previous page.

ECONOMIC FACTORS

The Village's composition is primarily residential with a smaller commercial component. The property tax revenue derived from the residential, commercial, and industrial properties is exceedingly stable. Sales tax revenues continue to show relative stability due to the mix of businesses that generate the revenue. The commercial component includes banks, building material sales, restaurants, and other food and retail businesses.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide users with a general overview of the Village's finances and to demonstrate the Village's accountability for the funds it receives. For questions about this report or additional information, contact Scotia Village Hall, 4 North Ten Broeck Street, Scotia, New York 12302.

See accompanying independent auditor's report on the financial statements.

VILLAGE OF SCOTIA, NEW YORK

Balance Sheets

All Fund Types

May 31, 2024

	Governmental Fund Types				
	General Fund	Water Fund	Sewer Fund	Community Development Fund	Capital Projects Fund
Assets					
Cash	\$ 300	\$ 520,290	\$ 2,235,176	\$ 159,109	\$ 1,836,743
Investment	2,333,577	-	-	-	287,613
Receivables, net	33,889	100,780	99,731	-	-
Leases receivable, Tower	82,709	-	-	-	-
Rehabilitation loans receivable	-	-	-	12,411	-
Due from other funds	525,618	-	-	-	-
Due from other governments	331,974	-	-	-	-
Total Assets	<u>\$ 3,308,066</u>	<u>\$ 621,070</u>	<u>\$ 2,334,907</u>	<u>\$ 171,520</u>	<u>\$ 2,124,356</u>
Liabilities					
Accounts payable	344,767	21,539	830,783	-	-
Accrued expenses	210,818	7,400	3,444	-	-
Deferred revenue, leases	88,209	-	-	-	-
Other liabilities	489,203	-	-	72,750	-
Bond anticipation notes payable	-	-	-	-	8,800,000
Due to other funds	-	-	-	-	525,618
Due to other governments	-	-	-	-	-
Total liabilities	<u>1,132,997</u>	<u>28,939</u>	<u>834,227</u>	<u>72,750</u>	<u>9,325,618</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,411</u>	<u>-</u>
Fund Balance					
Assigned					
Appropriated-subsequent year	325,000	50,000	-	-	-
Appropriated-Section 8	-	-	-	-	-
Appropriated-community development	-	-	-	86,359	-
Non-spendable	-	-	-	-	-
Unassigned (deficit)	<u>1,850,070</u>	<u>542,131</u>	<u>1,500,680</u>	<u>-</u>	<u>(7,201,262)</u>
Total Fund Balance	<u>2,175,070</u>	<u>592,131</u>	<u>1,500,680</u>	<u>86,359</u>	<u>(7,201,262)</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 3,308,066</u>	<u>\$ 621,070</u>	<u>\$ 2,334,907</u>	<u>\$ 171,520</u>	<u>\$ 2,124,356</u>

See accompanying notes to financial statements.

VILLAGE OF SCOTIA, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balance
All Fund Types
Years Ended May 31, 2024

	Governmental Fund Types					
	General Fund	Water Fund	Sewer Fund	Business Development Fund	Community Development Fund	Capital Projects Fund
Revenues						
Real property taxes	\$ 5,758,171	\$ -	\$ -	\$ 25,725	\$ -	\$ -
Real property tax items	179,249	-	-	-	-	-
Non-property tax items	914,154	-	-	-	-	-
Departmental income	140,808	946,899	1,517,358	-	8,460	-
Intergovernmental charges	519,624	-	-	-	-	-
Use of money and property	301,214	-	-	-	15	293,126
Licenses and permits	136,029	-	-	-	-	-
Fines and forfeitures	47,412	-	-	-	-	-
Sale of property and compensation for loss	55,922	1,465	-	-	-	-
Miscellaneous local sources	49,905	-	-	-	-	-
Federal aid	797,005	21,850	-	-	1,011,239	-
State aid	577,624	-	-	-	-	-
Total revenues	<u>9,477,117</u>	<u>970,214</u>	<u>1,517,358</u>	<u>25,725</u>	<u>1,019,714</u>	<u>293,126</u>
Expenditures						
General government support	672,325	45,225	59,301	-	-	626,245
Public safety	3,373,541	-	-	-	-	5,907,228
Health	-	-	-	-	-	-
Transportation	651,812	-	-	-	-	-
Economic assistance and opportunity	2,378	-	-	-	-	-
Culture and recreation	1,029,776	-	-	-	-	-
Home and community services	813,858	622,510	1,253,661	25,725	981,181	-
Employee benefits	2,441,798	140,290	63,302	-	-	-
Debt service	196,741	87,841	144,216	-	-	-
Interest Expense	299	-	-	-	-	-
Total expenditures	<u>9,182,527</u>	<u>895,867</u>	<u>1,520,480</u>	<u>25,725</u>	<u>981,181</u>	<u>6,533,473</u>
Other financing sources\ (uses)						
Interfund Transfers	263,257	-	-	-	-	(263,257)
Sale of Serial Bonds	-	-	-	-	-	1,938,461
BANS redeemed from appropriations	-	-	-	-	-	53,000
Total other sources/ (uses)	<u>263,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,728,205</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 557,847</u>	<u>\$ 74,347</u>	<u>\$ (3,122)</u>	<u>\$ -</u>	<u>\$ 38,533</u>	<u>\$ (4,512,143)</u>

See accompanying notes to financial statements.

VILLAGE OF SCOTIA, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balance
All Fund Types
May 31, 2024

Continued

	Governmental Fund Types					
	General Fund	Water Fund	Sewer Fund	Business Improvement Fund	Community Development Fund	Capital Projects Fund
Fund balance, beginning of year	1,617,223	517,784	1,503,802	-	47,826	(2,689,119)
Excess (deficiency) of revenues over (under) expenditures	557,847	74,347	(3,122)	-	38,533	(4,512,143)
Less Assigned Fund Balances	(325,000)	(50,000)				
Fund balance, end of year	<u>\$ 1,850,070</u>	<u>\$ 542,131</u>	<u>\$ 1,500,680</u>	<u>\$ -</u>	<u>\$ 86,359</u>	<u>\$ (7,201,262)</u>

See accompanying notes to financial statements.

VILLAGE OF SCOTIA, NEW YORK
Schedule of Non-Current Governmental Assets
May 31, 2024

Fixed assets	<u>\$ 8,156,157</u>
Investment in non-current governmental assets	<u>\$ 8,156,157</u>

See accompanying notes to the financial statements

VILLAGE OF SCOTIA, NEW YORK
Schedule of Non-Current Governmental Liabilities
May 31, 2024

Assets

Provisions to be made in future budgets	\$ 21,642,261
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Liabilities

Bonds payable	3,450,870
Installment purchase debt	326,134
Compensated absences	218,505
Post employment benefits	13,519,330
Net pension liability	4,127,422
	<u>\$ 21,642,261</u>

See accompanying notes to the financial statements

VILLAGE OF SCOTIA, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The **Village of Scotia, New York** (the “Village”) has prepared its general, water, sewer, special grant, capital projects funds, debt service fund and the schedules of non-current governmental assets and liabilities financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principals through its pronouncements. The Village does not comply with GASB Statement No. 34, which requires the Village to present the government-wide financial statements on a full accrual government-wide basis as well as the fund basis. The financial statements present only the general, water, sewer, special grant, capital projects funds, debt service fund and the schedules of non-current governmental assets and liabilities, and do not purport to be, and do not present fairly the financial position or changes in financial position of the Village.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

a. Reporting Entity

The Village is a municipal corporation and is governed by general laws of the State of New York and various local laws and ordinances. The Village performs local governmental functions within its jurisdiction, including fire protection services, maintenance of Village roads, parks, water and sewer services and recreational services. The Village was established in 1904. The Village is governed by an elected five-member Village Board, one of the members being the Village Mayor who is chief executive of the Village. The Village Clerk-Treasurer, who is appointed by the Village Board, is responsible for the collection of Village revenues, custody of public funds, the issuance of bond anticipation notes and bonds for Village purposes, and has the functional responsibility of accounting and auditing receipts and disbursements.

The accompanying financial statements include all funds, including the Village of Scotia Housing Authority, Community Development Fund, and the non-current governmental assets and non-current governmental liabilities of the Village. The Village of Scotia Housing Authority operates under the guidance of the Village Board. Revenues generated by the Housing Authority are turned over to the Village and are recorded in the general fund of the Village.

VILLAGE OF SCOTIA, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

The Scotia-Glenville School District and Fire District Number 4, which are within the geographic area served by the Village are not included in the accompanying financial statements. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in accounting principles generally accepted in the United States of America.

The basic, but not only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial independence.

Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to influence operations significantly, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Village and/or its citizens, or whether the activity is conducted within the geographic boundaries of the Village and is generally available to its citizens. A third criterion used in evaluating potential component units is the existence of special financing relationships regardless of whether the Village is able to exercise oversight responsibilities.

b. Basis of Presentation - Fund Accounting

The accounts of the Village are organized on the basis of funds and schedules of non-current governmental assets and liabilities, each of which is considered a separate accounting entity. The activities of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulation, restriction or limitations. The following fund types and schedules are used by the Village:

Governmental Fund Types

Governmental funds are those in which most governmental functions of the Village are reported. The acquisition, use, and balances of the Village's expendable financial resources and the related liabilities are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon determination of net income. The following are the Village's governmental fund types:

General Fund - The general fund is the general operating fund of the Village and accounts for general tax revenues, miscellaneous receipts not allocated by law or contractual agreement to another fund and general operating expenses. This fund operates within the financial limits of an annual budget adopted by the Village Board.

VILLAGE OF SCOTIA, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted for specified purposes. The Village maintains the following special revenue funds which operate within the financial limits of an annual budget adopted by the Village Board:

- Water Fund - to account for the water district operations.
- Sewer Fund - to account for the sewer district operations.
- Business Improvement District - to account for amounts associated with expenditures for the Village's business district.

Community Development Fund - This special revenue fund is used to account for the receipt and use of Federal lower income housing assistance and community development block grant monies. The financial records for the lower-income housing assistance monies are maintained by an outside consultant who is responsible for the related accounting and financial reporting. The lower income housing assistance program operates within the financial limits of an annual budget based upon the federal program year (July 1 - June 30). Authority to receive and disburse funds and accountability of the financial records is the responsibility of the Village.

Capital Projects Fund - This fund is used to account for financial resources to be used for the acquisition of major capital facilities or equipment. Financing is generally provided from the proceeds of bond and note sales and/or Federal and State grants. The negative fund balance will be eliminated when long term financing and/or grant funding is obtained.

In addition to the various funds, the Village maintains schedules of non-current governmental assets and non-current governmental liabilities. Non-current governmental assets include capital assets used in governmental activities, and non-current governmental liabilities include long-term obligations of the Village related to the governmental funds.

c. Measurement Focus/Basis of Accounting/Financial Statement Presentation

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for on the modified accrual basis using a current financial resources focus. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances.

VILLAGE OF SCOTIA, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Under the modified accrual basis of accounting, governmental fund revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be reasonably determined and available means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Village uses a 90-day availability period for non-property tax governmental revenue sources. Material revenues that are accrued include state and federal aid and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made. The Village reports deferred inflow of resources for potential revenue that does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the deferred inflow of resources is removed from the balance sheet and revenue is recognized.

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

- Principal and interest on indebtedness are recorded as expenditures when the related debt service amounts are due and payable.
- Compensated absences, which vest or accumulate with eligible employees, are recorded as expenditures in the payroll period that the leave credits are used by the employees.
- Costs of acquiring fixed assets are recorded as expenditures when the related acquisition amounts are due and payable.

d. Budgetary Data

The Village's procedures for establishing the budgetary data reflected in the accompanying financial statements are as follows:

- (i) Not later than March 31, the Village Clerk-Treasurer submits to the Village Board a proposed operating budget for the fiscal year commencing the following June 1. The operating budget includes proposed expenditures and the means of financing them.
- (ii) Public hearings are conducted to obtain taxpayer comments.
- (iii) Not later than May 1, the budget is legally adopted through passage of a legislative resolution.
- (iv) Total expenditures for each object may not legally exceed the total appropriations for that object.

Budget modifications and amendments during the year are authorized by the Village Board.

VILLAGE OF SCOTIA, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

e. Operating Transfers

Operating transfers represent the transfer of resources from one fund to be utilized in another fund and are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as operating transfers in or out of the respective fund.

f. Compensated Absences

According to the contracts between the Village and the various unions, employees are granted certain amounts of compensated absences each year. Sick time accumulates for union employees up to maximums set forth in the various union contracts. Vacation time for both union and non-union employees is calculated on January 1 of each year and must be taken by December 31 of that same year. Vacation time cannot be carried over to subsequent years without approval of the Village Mayor. Accordingly, a liability for vacation time earned but not taken of \$218,505 as of May 31, 2024, is reported in the schedule of non-current government liabilities. This liability relates to services rendered to the governmental fund types in which expenditures are recorded when paid. No liability is recorded for non-vesting accumulated rights to receive sick and personal pay benefits.

g. Cash and Investments

The Village's investment policies are governed by New York State statutes. Village monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within New York State. Permissible investments include obligations of the United States Treasury and United States Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required on all deposits, including certificates of deposit. All deposits shall be fully secured by insurance of the FDIC, obligations of New York State, or obligations of Federal agencies, the principal and interest of which was guaranteed by the United States, or obligations of New York State local governments.

It is the Village's policy for deposits to be secured by collateral at market value or par, whichever is lower, less the amount of FDIC insurance. The Village's pooled and non-pooled deposits are categorized to give an indication of the level of risk assumed by the Village at fiscal year-end. The categories are described as follows:

VILLAGE OF SCOTIA, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Category 1 - Insured or collateralized with securities held by the Village or by its agent in the Village's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Village's name.

Category 3 - Uncollateralized.

Following is a summary of the Village's bank deposits at May 31, 2024. Funds held outside of traditional bank accounts are held by NYCLASS, and are not included below:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	Total
Bank Deposits	\$250,000	\$414,129	\$ -	\$664,129

h. General Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the schedule of non-current governmental assets.

Public domain (infrastructure) fixed assets consisting of certain improvements, other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized. Such assets are immovable and of value only to the Village. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

For fixed assets acquired prior to May 31, 1996, original cost records were not available, and it was not possible or cost beneficial to determine actual historical cost of most of the Village's fixed assets. For this reason, the Village used estimated historical cost values to establish its schedule of non-current governmental assets. No depreciation has been recorded on fixed assets, nor has interest been capitalized.

i. Post-Employment Health Benefits

The Village provides certain health care benefits for retired employees and their survivors. Substantially all of the Village's employees may become eligible for these benefits if they reach normal retirement age while working for the Village. Health care benefits and survivors' benefits are provided through insurance company contracts. The Village recognizes the cost of providing benefits by recording costs as expenditures as they are paid during the year.

VILLAGE OF SCOTIA, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2024

2. INVESTMENT

The Village invests in NYCLASS. NYCLASS is a cooperative investment program pursuant to article 5G of the General Municipal Law. All investments are directed by the Agent Fiscal Officer in accordance with the Municipal Cooperation Agreement. Collateral held for repurchase agreements is held in a third-party bank custodial account in the name of the Agent Participant for the benefit of the NYCLASS participants. The NYCLASS program is classified not as a depository, but an investment in accordance with general municipal law, therefore, should collateral need to be liquidated, the municipality will receive a prorated share based on their investment in the program at that time.

Total investments of the cooperative at May 31, 2024 were as follows:

Instrument	Amortized cost which approximates fair value
United States Treasury notes/bills	\$ 9,343,481,965
Repurchase agreements	1,920,962,282
Bank Deposits	1,795,201,791
	<u>\$13,059,646,038</u>

The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of any discount or premium. The Village's share of these investments in the General Fund at May 31, 2024 was \$4,530,084. The investments in the Capital Fund totaled \$1,846,485 at May 31, 2024. The Village's cooperative investment arrangement issues its annual financial statements and that report may be obtained from the Village.

3. REAL PROPERTY TAXES

Real property taxes are fully accrued at the beginning of the fiscal year and are received and accounted for in the general fund. The current year's property taxes levied consist of taxes for Village purposes based upon Village budget requirements and re-levied unpaid Village sewer and water rents. The Village is responsible for collecting real property taxes assessed and billed on June 1 until September 1 at which time the County of Schenectady becomes the collecting and enforcement agent for unpaid taxes. The County remits taxes to the Village as collected until December 31 at which time any remaining uncollected taxes are re-levied on the County's January 1 tax bill and the Village receives full credit for all uncollected amounts.

Tax rates are calculated using assessments prepared by the Town of Glenville's assessors, (the Village is within the geographic limits of the Town) as adjusted by the New York State Board of Equalization and Assessment for the purpose of comparability.

VILLAGE OF SCOTIA, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2024

3. REAL PROPERTY TAXES (cont.)

The total taxable assessed value of real property, as adjusted by New York State, included in the levy of 2023-2024 is approximately \$381 million. The effective tax rate on this value is approximately \$15.12 per thousand. The regulatory maximum tax rate is 2% of the 5-year average of the equalized assessment. The 2023-2024 levy represents approximately 60% of the regulatory levy.

The Village has certain agreements with various taxpayers to reduce the amount of taxes they would otherwise have to pay - Payments in Lieu of Taxes (PILOTs). For the year ended May 31, 2024, the Village received \$143,696 in PILOT payments. Abated property taxes amounted to \$291,358.

4. OTHER RECEIVABLES AND DEFERRED INFLOW OF RESOURCES

The Village's community development fund was the recipient of a Community Development Block Grant (CDBG) to operate a revolving loan fund. The funds were loaned for the purpose of rehabilitation of properties within the Village. Loans made are recorded as a loan receivable with a corresponding entry to deferred inflow of resources. Deferred inflow of resources represents the amount of outstanding loans receivable.

Lease Transactions

The Village leases a portion of their fire station roof to a cellular service for the installation and maintenance of a cellular communications tower. In accordance with Government Accounting Standards Board Statement 87 – *Leases*, the Village records a lease receivable and deferred revenue at the present value of the future lease payments over the life of the lease. The current long-term Applicable Federal Rate is 4.55%, used to determine the present value. The lease was effective May, 2015, for a period of five years. The lease has a renewal option of five years, and may be renewed up to four times, with the final end date of April, 2040. The Village has exercised its first renewal option. Initial annual payments were \$5,000. With each renewal, the annual rent is one hundred ten percent (110%) of the prior lease renewal term.

		Payments	Interest	Deferred Revenue
Remaining	2026-2030	30,250	13,669	16,581
	2031-2035	33,275	9,250	24,025
	2036-2040	44,692	2,589	42,103
	Total	<u>\$108,217</u>	<u>\$25,508</u>	<u>\$82,709</u>

VILLAGE OF SCOTIA, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2024

5. INDEBTEDNESS

Bond Anticipation Notes

At May 31, 2024, the Village had bond anticipation notes outstanding in the amount of \$8,800,000. This borrowing is from two banks with interest rates of 3.95% and 3.88%. The maturity dates of these notes is June 28, 2024, at which time they are expected to be converted to long-term financing.

Bonds Payable

Bonds payable, the proceeds of which have been used primarily to provide funds for various capital projects, consist of the following at May 31, 2024:

<u>Interest Rate</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Original Issue Amount</u>	<u>Outstanding as of May 31, 2024</u>	<u>Annual Principal Payments</u>
General Obligation Bonds					
3.25	2018	2028	\$ 338,800	\$ 133,220	\$ 33,305
2.99	2016	2025	590,700	54,522	54,522
2.99	2015	2025	412,000	34,667	34,667
0.55-3.45	2013	2034	2,280,000	1,290,000	105,000- 150,000
				<u>\$ 1,512,409</u>	

The annual debt service requirements, including principal and interest, of all bonds accounted for in the schedule of non-current governmental liabilities are as follows:

	<u>Principal</u>	<u>Interest</u>
2025	232,493	44,700
2026	148,305	38,023
2027	153,305	29,235
2028-2034	978,306	84,286
	<u>\$ 1,512,409</u>	<u>196,244</u>

VILLAGE OF SCOTIA, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2024

5. INDEBTEDNESS (cont.)

Installment Purchase Debt

Minimum future lease payments for energy improvements are as follows:

2025	57,915
2026	59,925
2027	62,010
2028	64,615
2029	60,288
Total payments	304,753
Less interest	(24,780)
Principal payments	\$ 279,973

Financing Leases

In accordance with the fiscal policies of the Village, if a lease has one or more characteristics as defined under Governmental Accounting Standards Board No. 87, it is considered a financing lease. Accordingly, the Village recognizes a financing lease for a copier. Amounts recognized as a Right of Use (ROU) asset related to this finance lease are included in Schedule of Non-Current Governmental Assets. The related lease liability is included in the current portion of lease liabilities and long-term lease liabilities. The ROU asset relating to this finance lease is currently \$4,788. The liability associated with the financing lease was \$5,092. Weighted average lease term was 2.53 years. A discount rate of 5.0% was used in the calculation. Interest expense associated with this lease was \$299 during the period under audit.

6. NON-CURRENT GOVERNMENT LIABILITIES

The following is a summary of the Village's non-current governmental liabilities:

	Balance May 31, 2023	Additions	Retirements (Decreases)	Balance May 31, 2024
Bonds payable	\$1,744,903	1,938,461	(\$232,494)	\$3,450,870
Compensated absences	221,983	-	(\$3,478)	218,505
Installment purchase debt	369,616	-	(43,482)	326,134
Post-employment health insurance	13,352,780	1,967,280	(1,800,730)	13,519,330
Net pension liability	5,208,100	-	(1,080,678)	4,127,422
	<u>\$20,897,382</u>	<u>\$3,905,741</u>	<u>(\$3,160,862)</u>	<u>\$21,642,261</u>

VILLAGE OF SCOTIA, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2024

7. PENSION PLANS

Plan Description

The Village participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to a New York State and Local Retirement System (the System). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

The Village also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. The report may be found at www.osc.state.ny.us/retire/publication/index.php or obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

Benefits Provided

The System provides retirement benefits as well as death and disability benefits.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after 10 years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

VILLAGE OF SCOTIA, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2024

7. PENSION PLANS (cont.)

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for 10 years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement.

An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than one (1) percent or exceed three (3) percent.

Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first 10 years of membership, and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	<u>ERS</u>	<u>PFRS</u>
2024	\$ 203,175	\$ 678,905
2023	204,636	731,142
2022	246,943	703,261

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

VILLAGE OF SCOTIA, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2024

7. PENSION PLANS (cont.)

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

At May 31, 2024, the Village reported a liability of \$4,025,477 for its proportionate share of the net pension liability. The net pension liability was measured as of May 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2023. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At May 31, 2024, the Village's proportions for ERS and PFRS were 0.0050297% and 0.0714098%, respectively.

At May 31, 2024, the Village reported deferred outflows of resources related to ERS and PFRS pensions from the following sources:

	Total Deferred Outflows of Resources
Differences between expected and actual experience	\$1,281,981
Changes in Assumptions	1,557,516
Net difference between projected and actual earnings on pension plan investments	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>193,258</u> \$3,032,755

VILLAGE OF SCOTIA, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2024

7. PENSION PLANS (cont.)

At May 31, 2024, the Village reported deferred inflows of resources related to pensions from the following sources:

	<u>Total Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 20,194
Changes in Assumptions	-
Net difference between projected and actual earnings on pension plan investments	1,281,133
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>460,975</u>
	\$ 1,762,302
Net deferred inflows (outflows)	(\$1,270,453)

The net amount of the employer's balances of deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

May 31, 2025	\$ (450,982)
May 31, 2026	1,113,718
May 31, 2027	693,230
May 31, 2028	(208,929)
May 31, 2029	-
	<u>\$ 1,147,037</u>

Actuarial Assumptions

The total pension liability as of May 31, 2024 was determined by using an actuarial valuation as of April 1, 2023, with update procedures used to roll forward the total pension liability to April 1, 2024. The actuarial valuation used the following actuarial assumptions:

	<u>ERS</u>	<u>PFRS</u>
Inflation	2.9%	2.9%
Salary increases	4.4%	6.2%
Investment rate of return (net of investment expense, including inflation)	5.9%	5.9%
Cost-of-living adjustments	1.5%	1.5%

VILLAGE OF SCOTIA, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2024

7. PENSION PLANS (cont.)

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021.

The actuarial assumptions used in the April 1, 2023 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

The long-term expected rate of return on pension plan investments was determined using the building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of targeted asset allocation and arithmetic real rates of return for each major asset class as of May 31, 2024 were as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic equity	32%	4.30%
International equity	15	6.85
Private equity	10	7.50
Real estate	9	4.60
Absolute return strategies	3	5.38
Credit	4	5.43
Real assets	3	5.84
Fixed income	23	1.50
Cash	<u>1</u>	0.00
	<u>100</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rate, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

VILLAGE OF SCOTIA, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2024

7. PENSION PLANS (cont.)

Pension Plan Fiduciary Net Position

The components of the net pension liability of the plan as of March 31, 2024 were as follows:

	<u>ERS</u>	<u>PFRS</u>
Fiduciary total pension liability	\$240,696,851	\$46,137,717
Fiduciary net position	<u>225,972,801</u>	<u>41,394,895</u>
Fiduciary net pension liability	<u>\$ 14,724,050</u>	<u>\$ 4,742,822</u>
Ratio of fiduciary net position to the fiduciary total pension liability	93.88%	89.72%

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

The following presents the Village's proportionate share of the net pension asset\liability calculated using the discount rate of 5.9%, as well as the what the Village's proportionate share of the net pension asset\liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Assumption</u>	<u>1% Increase</u>
<u>ERS</u>			
Village's proportionate share of the net pension (asset)\liability	\$2,328,458	\$ 740,580	(\$585,628)
<u>PFRS</u>			
Village's proportionate share of the net pension (asset)\liability	\$7,915,845	\$3,386,842	(\$354,776)

VILLAGE OF SCOTIA, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2024

8. NON-CURRENT GOVERNMENT ASSETS

A summary of changes in the Village's non-current governmental assets for the year ended May 31, 2024, is as follows:

	Balance		Retirements	Balance
	May 31, 2023	Additions	(Decreases)	May 31, 2024
Land and buildings	\$1,608,498	\$ 35,000	\$ -	\$1,643,498
Machinery & equipment	6,412,216	269,074	(168,631)	6,512,659
	<u>\$8,020,714</u>	<u>\$304,074</u>	<u>(\$168,631)</u>	<u>\$8,156,157</u>

9. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The Village administers a single employer defined benefit healthcare plan. The plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the Village subject to applicable collective bargaining and employment agreements. Employees covered include represented and non-represented employees. The plan is open to new entrants. The plan is subject to good faith collective bargaining between the Village and the covered employees. The plan does not issue a stand-alone financial report as there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Funding Policy

The obligations of the plan members and the Village are established by actions of the Village pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the Village and the members vary depending on the applicable agreements. The Village currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the Village. As of June 1, 2024, there were 35 inactive employees or beneficiaries currently receiving benefits and 47 active employees.

Annual OPEB Expense and Net OPEB Liability

The Village's annual post-employment benefit expense is calculated based on the actuarially determined contribution (ADC) of the Village. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover the service cost each year and to amortize any

VILLAGE OF SCOTIA, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2024

9. OTHER POST EMPLOYMENT BENEFITS (OPEB) (cont.)

unfunded actuarial liability over a period not to exceed twenty years. The total OPEB liability at May 31, 2024 was \$13,519,330, all of which was unfunded.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contribution of the Village are subject to continual revision as actual results are compared with past expectation, and new estimates made about the future.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the Village and plan members) and include the types of benefits provided

at the time of each valuation and the historical pattern of sharing the benefit costs between the Village and plan members to that point. The methods and assumptions used include

techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group according to the New York State Retirement System schedule, active plan members were assumed to retire as early as age fifty-six.

Mortality - Life expectations were based on Pub-2010 Public Retirement Plans Mortality Tables projected 10 years.

Turnover - Derived from data maintained by the U.S. Office of Personnel Management.

Health insurance premiums - 2023-24 health insurance premiums for retirees were used as the basis for the calculation of the present value of total benefits to be paid.

Inflation and payroll growth rate - A projected salary increase rate of 2.0% was utilized.

VILLAGE OF SCOTIA, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2024

9. OTHER POST EMPLOYMENT BENEFITS (OPEB) (cont.)

Based upon the historical and expected returns of the Village's investment portfolio, a discount rate of 3.50% was used.

<u>Change in Total OPEB Liability</u>	
OPEB Liability, beginning of year	\$13,352,780
Changes for year	
Service cost	405,537
Interest	371,477
Changes in assumptions or other inputs	(305,925)
Benefit payments	<u>(304,539)</u>
OPEB Liability, end of year	<u>\$13,519,330</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	<u>1% Decrease</u>	<u>Baseline</u>	<u>1% Increase</u>
Total OPEB Liability	\$15,514,130	\$13,519,330	\$11,907,840

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current discount rate:

	<u>1% Decrease</u>	<u>Baseline</u>	<u>1% Increase</u>
Total OPEB Liability	\$11,829,250	\$13,519,330	\$15,608,810

10. FUND BALANCES

The Village follows GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions". GASB 54 defines the following classifications of fund balances:

Non-spendable fund balances - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted fund balances - includes amounts with constraints placed on the use of resources either externally imposed by creditors, contributors or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

VILLAGE OF SCOTIA, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2024

10. FUND BALANCES (cont.)

Committed fund balances - includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the Village board. The Village had no committed fund balances as of May 31, 2024.

Assigned fund balances - includes amounts that are constrained by the Village Board's intent to be used for specific purposes but are neither restricted nor committed.

Unassigned fund balances - includes all other fund balance amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the Village.

The Village policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as assigned fund balance. The remaining amounts are reported as unassigned. Assignments of fund balances cannot cause a negative unassigned fund balance.

11. CONTINGENT LIABILITIES

Lawsuits

The Village is a defendant in various lawsuits. It is the opinion of the Village's attorney, after considering all relevant facts, that the potential claims resulting from such litigation are adequately covered by insurance or involve such amounts that an unfavorable disposition would not have a material adverse effect on the Village's financial position or results of operations.

Grant Programs

The Village participates in various grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The Village believes, based upon its review of current activity and prior experience, the amount of the disallowances resulting from these audits, if any, will not be significant to the Village's financial position or results of operations.

Tax Certiorari Litigation

The Village is a party to various tax assessment challenges which are being vigorously defended by the Village. The Village believes that the result of any tax assessment challenges would have no material impact on the Village's financial position.

VILLAGE OF SCOTIA, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2024

11. CONTINGENT LIABILITIES (cont.)

Due To Other Governments

Under a contractual agreement with the City of Schenectady ("City"), the City provides the Village with certain sanitary sewer services and the Village is responsible to the City for service charges. These service charges are based upon a contractual percentage of the City's debt service related to the construction of the sanitary sewer system and the Village's pro-rata share of the net annual operations and maintenance costs.

Under the terms of the agreement, if the City is required to modify or replace the facility, such related costs will be treated as an increase in the debt service of the City and will be shared by the Village in accordance with the method outlined in the contract to determine the service charges. The Village is billed on an annual basis by the City for these services.

12. COVID-19

The United States recently experienced a national pandemic due to Coronavirus (COVID-19). The overall consequences of COVID-19 are unknown but have the potential to result in significant and extended economic impacts. The full impact of this on the Village and its future results and financial positions is not presently determinable.

13. SUBSEQUENT EVENTS

The Village has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended May 31, 2024, through the date the financial statements were available to be issued.

VILLAGE OF SCOTIA, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
May 31, 2024

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Contract Number</u>	<u>Federal Expenditures</u>
Department of Housing and Urban Development:			
Direct Programs:			
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 885,817
Family Self-Sufficiency Program	14.896	N/A	60,868
Total Department of Housing and Urban Development			<u>\$ 946,685</u>
Department of Transportation:			
Department of Transportation - Recreational Trails Program: Pass-through State of New York Office of Parks, Recreation & Historic Preservation	20.219	PRK01- C92023GG- 1290000	\$ 5,718
Department of Transportation - State and Community Highway Safety: Pass-through State of New York Governor's Traffic Safety Committee Police Traffic Services	20.600	SA00002170	5,334
Department of Transportation - Highway Planning and Construction: Pass-through State of New York TAP Washington Ave Bicycle & Ped Connection	20.600	DO36421	529,493
Total Department of Transportation			<u>\$ 540,545</u>
Department of Homeland Security			
Direct Programs:			
Assistance to Firefighters Grant	97.044	N/A	67,619
Total Department of Homeland Security			<u>\$ 67,619</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,554,849</u></u>

See accompanying notes to schedule of expenditures of federal awards and
accompanying independent auditor's report on the financial statements.

VILLAGE OF SCOTIA, NEW YORK

Notes to Schedule of Expenditures of Federal Awards

May 31, 2024

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Village of Scotia, New York (the "Village"), an entity as defined in its financial statements, under programs of the federal government for the year ended May 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, results of operations, or changes in fund balances of the Village.

2. Summary of Significant Accounting Policies

- a. Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.
- b. Pass-through entity identifying numbers are presented where available.
- c. The Village has not elected to use the 10 percent de-minimis indirect cost rate as allowed under the Uniform Guidance.

3. Matching Costs

Matching costs, if any, i.e., the Village's share of certain program costs, are not included in the reported expenditures.

4. Insurance

The Village did not participate in any federal insurance programs as of May 31, 2024.

5. Subrecipients

The Village did not subcontract with the other organizations using federal awards during the year ended May 31, 2024.

6. Noncash Assistance

The Village did not expend federal awards in the form of noncash assistance during the year ended May 31, 2024.

7. Loans and Loan Guarantees

The Village had no federal loans or federal loan guarantees outstanding as of May 31, 2024.

8. Scope of Audit Pursuant to the Uniform Guidance

The Village of Scotia, New York, the primary government, is an independent municipal corporation. All federal award operations of the Village are included in the scope of the single audit.



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Saratoga Springs, NY 12866
(866) 247-6800

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

The Mayor and Members of the Village Board

Village of Scotia, New York

Scotia, NY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Village of Scotia, New York (the "Village") as of and for the year ended May 31, 2024, and the related notes to the financial statements, and have issued our report thereon dated February 20, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in dark ink, appearing to read "Catherine Harris", is positioned above the printed name.

Catherine Harris CPA
CHS Wealth Management & CPAs, PLLC

Saratoga Springs, NY

February 20, 2025



63 Putnam Street, Ste. 204
Saratoga Springs, NY 12866
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

The Mayor and Members of the Village Board

Village of Scotia, New York

Scotia, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the **Village of Scotia**, New York's (the "Village") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended May 31, 2024. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Village's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, provisions of contracts or grant agreements, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards ("GAAS"), *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Village's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Village's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Village's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the general fund, water fund, sewer fund, special grant fund, capital projects fund, and the schedules of non-current governmental assets and governmental liabilities of the Village as and for the year ended May 31, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements. We have issued our report thereon dated February 20, 2025, which contained unmodified opinions on those basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Catherine Harris, CPA
CHS Wealth Management & CPAs, PLLC

Saratoga Springs, NY

February 20, 2025

VILLAGE OF SCOTIA, NEW YORK

Schedule of Findings and Questioned Costs

Year ended May 31, 2024

SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Non-compliance material to financial statements

- noted? _____ yes X no

Federal Awards:

Internal control over major program:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance for major program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

_____ yes X no

Identification of Major Program:

CFDA Number

14.871

Name of Federal Program

Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between

Type A and B programs:

\$750,000

Auditee qualified as low-risk auditee

_____ yes X no

Financial Statement Findings

None noted.

VILLAGE OF SCOTIA, NEW YORK

Schedule of Findings and Questioned Costs

Year ended May 31, 2024

Federal Award Findings and Questioned Costs

None noted.

Status of Prior Year Findings

Not applicable. There were no prior year findings or questioned costs required to be reported therein.

VILLAGE OF SCOTIA, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balance
Compared to Budget - General Fund
Year Ended May 31, 2024

	Budget	Actual	Variance favorable (unfavorable)
Revenues			
Real property taxes	\$ 5,762,790	5,758,171	\$ (4,619)
Real property tax items	168,003	179,249	11,246
Non-property tax items	912,000	914,154	2,154
Departmental income	130,200	140,808	10,608
Intergovernmental charges	527,500	519,624	(7,876)
Use of money and property	125,000	301,214	176,214
Licenses and permits	153,000	136,029	(16,971)
Fines and forfeitures	100,000	47,412	(52,588)
Sale of property & compensation for loss	-	55,922	55,922
Miscellaneous local sources	8,500	49,905	41,405
Federal aid	-	797,005	797,005
State aid	412,697	577,624	164,927
Total Revenues	<u>8,299,690</u>	<u>9,477,117</u>	<u>1,177,427</u>
Expenditures			
General government support	480,277	672,325	(192,048)
Public safety	3,316,495	3,373,541	(57,046)
Health	100	-	100
Transportation	780,303	651,812	128,491
Economic assistance & opportunity	2,450	2,378	72
Culture and recreation	368,157	1,029,776	(661,619)
Home and community services	831,975	813,858	18,117
Employee benefits	2,498,863	2,441,798	57,065
Debt service	171,070	196,741	(25,671)
Interest Expense	-	299	(299)
Total Expenditures	<u>8,449,690</u>	<u>9,182,527</u>	<u>(732,538)</u>
Other (uses):			
Appropriated fund balance	150,000		150,000
Interfund transfers	-	263,257	263,257
Excess (deficiency) of revenues over (under) expenditures and other uses, net	<u>\$ -</u>	<u>\$ 557,847</u>	<u>\$ 31,631</u>
Fund balance, beginning of year		1,617,223	
Assigned Appropriated Fund Balance		(325,000)	
Fund balance, end of year		<u>\$ 1,850,070</u>	

See accompanying notes to financial statements.

VILLAGE OF SCOTIA, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balance
Compared to Budget - Water Fund
Year Ended May 31, 2024

	Budget	Actual	Variance favorable (unfavorable)
Revenues			
Departmental income	\$ 910,800	\$ 946,899	\$ 36,099
Use of money and property	-	-	-
Sale of property and compensation for loss	-	1,464	1,464
Federal aid		21,850	21,850
Total Revenues	<u>910,800</u>	<u>970,213</u>	<u>59,413</u>
Expenditures			
General government support	48,025	45,225	2,800
Home and community services	630,072	622,509	7,563
Employee benefits	144,860	140,290	4,570
Debt service	87,843	87,841	2
Total Expenditures	<u>910,800</u>	<u>895,866</u>	<u>14,935</u>
Other (uses):			
Appropriated fund balance	-	-	-
Interfund transfers	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other uses, net	<u>\$ -</u>	<u>\$ 74,347</u>	<u>\$ 74,348</u>
Fund balance, beginning of year		517,784	
Assigned Appropriated Fund Balance		(50,000)	
Fund balance, end of year		<u>\$ 542,131</u>	

See accompanying notes to financial statements.

VILLAGE OF SCOTIA, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balance
Compared to Budget - Sewer Fund
Year Ended May 31, 2024

	<u>Budget</u>	<u>Actual</u>	Variance favorable (unfavorable)
Revenues			
Departmental income	\$ 1,307,100	\$ 1,517,358	\$ 210,258
Use of money and property	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>1,307,100</u>	<u>1,517,358</u>	<u>210,258</u>
Expenditures			
General government support	51,750	59,301	(7,551)
Home and community services	1,111,965	1,253,661	(141,696)
Employee benefits	64,566	63,302	1,264
Debt service	<u>78,819</u>	<u>144,216</u>	<u>(65,397)</u>
Interfund transfers	-	-	-
Total Expenditures	<u>1,307,100</u>	<u>1,520,480</u>	<u>(213,380)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (3,122)</u>	<u>\$ (3,122)</u>
Fund balance, beginning of year		1,503,802	
Fund balance, end of year		<u>\$ 1,500,680</u>	

See accompanying notes to financial statements.