

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 14, 2026

NEW ISSUE

BOND RATING: Moody's Ratings: "A2"

SERIAL BONDS

See "RATINGS" herein

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax on individuals. Interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). 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 Bonds. See "TAX MATTERS" herein

The Bonds will be designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

\$2,727,110
VILLAGE OF ILION
HERKIMER COUNTY, NEW YORK
GENERAL OBLIGATIONS
\$2,727,110 Public Improvement (Serial) Bonds, 2026
(the "Bonds")

Dated: May 7, 2026

Due: May 1, 2027–2053

The Bonds are general obligations of the Village of Ilion, Herkimer County, New York (the "Village"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to applicable statutory limits imposed by Chapter 97 of the Laws of 2011 of the State of New York. See "TAX LEVY LIMITATION LAW" and "NATURE OF OBLIGATION" herein.

The Bonds are dated their Date of Delivery and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser of the Bonds, payable on November 1, 2026 and semiannually thereafter on May 1 and November 1 in each year until maturity. The Bonds shall mature on May 1 in each year in the principal amounts specified on the inside cover page hereof. Interest on the Bonds will be calculated on a 30-day month and a 360-day year basis. The Bonds maturing on or after November 1, 2035 will be subject to redemption prior to maturity as described herein. (See "THE BONDS - Optional Redemption" herein.)

Proposals for the Bonds shall be for not less than \$2,727,110 and accrued interest, if any, on the total principal amount of the Bonds. A good faith deposit will not be required on the Bonds.

The Bonds will be issued as registered bonds and may be registered, at the option of the purchaser, in the name of the purchaser or in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which, if so elected by the purchaser, will act as securities depository for the Bonds. If the Bonds are issued in book-entry form, individual purchases will be in the principal amount of \$5,000 or integral multiples thereof, except for one necessary odd denomination in the first maturity which is or includes \$7,110. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on November 1, 2026 and semi-annually thereafter on May 1 and November 1 in each year until maturity. Principal and interest will be paid by the Village to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds. See "BOOK-ENTRY SYSTEM" herein. If the Bonds are issued in registered certificated form, the Bonds will be issued in denominations of \$5,000 or any integral multiple thereof, except for one necessary odd denomination in the first maturity. Paying agent fees, if any, in such case are to be paid by the purchaser. The Bonds may not be converted into coupon bonds or be registered to bearer.

If the Bonds are registered in the name of the purchaser, principal of and interest on the Bonds will be payable in Federal Funds at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. In such case, the bonds will be issued in registered form in denomination of \$5,000 or integral multiples thereof except for one necessary odd denomination in the first maturity which is or includes \$7,110.

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the respective approving legal opinion as to the validity of the Bonds of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as otherwise agreed upon with the purchaser, on or about May 7, 2026.

ELECTRONIC BIDS for the Bonds must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on April 23, 2026 until 10:30 A.M., Eastern Time, pursuant to the Notice of Private Competitive Bond 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 Bonds pursuant to the terms provided in the Notice of Private Competitive Bond Sale.

April __, 2026

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, AS MORE FULLY DESCRIBED IN THE NOTICE OF PRIVATE COMPETITIVE BOND SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE VILLAGE WILL COVENANT IN AN UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE AS DEFINED IN THE RULE WITH RESPECT TO THE BONDS. SEE "CONTINUING DISCLOSURE UNDERTAKING" HEREIN.

\$2,727,110 Public Improvement (Serial) Bonds, 2026
(the "Bonds")

Dated: May 7, 2026

Due: May 1, 2027-2053

MATURITIES**

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2027	\$ 102,110				2041	\$ 45,000 *			
2028	110,000				2042	45,000 *			
2029	115,000				2043	45,000 *			
2030	120,000				2044	50,000 *			
2031	130,000				2045	50,000 *			
2032	130,000				2046	55,000 *			
2033	135,000				2047	55,000 *			
2034	140,000				2048	60,000 *			
2035	150,000 *				2049	60,000 *			
2036	155,000 *				2050	65,000 *			
2037	165,000 *				2051	65,000 *			
2038	175,000 *				2052	70,000 *			
2039	180,000 *				2053	70,000 *			
2040	185,000 *								

* The Bonds maturing in the years 2035-2053, inclusive, are subject to redemption prior to maturity as described herein under the heading "Optional Redemption" herein.

** The maturities of the Bonds are subject to change pursuant to the terms of the accompanying Notice of Private Competitive Bond Sale to achieve substantially level or declining annual debt service as provided in the New York Local Finance Law.

† CUSIP numbers have been assigned by an independent company not affiliated with the Village and are included solely for the convenience of the holders of the Bonds. The Village is not responsible for the selection or use of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above.

VILLAGE OF ILION
HERKIMER COUNTY, NEW YORK

VILLAGE BOARD

JOHN P. STEPHENS
Mayor

KARI ALLEN
Deputy Mayor

TRUSTEES

DANIEL J. SHEFFIELD
MICHAEL EMRICH
JOSH J. KELLY

* * * * *

MARIJO RICE
Village Treasurer

JOANN DUGA
Village Clerk

J.K. HAGE III, ESQ.
Village Attorney

MUNICIPAL ADVISOR



Fiscal Advisors & Marketing, Inc.
250 South Clinton Street, Suite 502
Syracuse, New York 13202
(315) 752-0051

BOND COUNSEL



Orrick, Herrington & Sutcliffe LLP
51 West 52nd Street
New York, New York 10019
(212) 506-5000

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

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
of the
VILLAGE OF ILION
HERKIMER COUNTY, NEW YORK

Relating to
\$2,727,110 Public Improvement (Serial) Bonds, 2026

This Official Statement, which includes the cover page and appendices, has been prepared by the Village of Ilion, Herkimer County, New York (the “Village,” “County,” and “State,” respectively), in connection with the sale by the Village of its aggregate principal amount of \$2,727,110 Public Improvement (Serial) Bonds, 2026 (referred to herein as the “Bonds”).

The factors affecting the Village's financial condition and the Bonds 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.

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

THE BONDS

Description of the Bonds

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

The Bonds will be dated May 7, 2026 and will mature in the principal amounts and on the dates as set forth on the inside cover page. Interest on the Bonds will be payable on November 1, 2026 and semi-annually thereafter on May 1 and November 1 in each year until maturity. The Bonds are subject to redemption prior to maturity as described herein under “THE BONDS – Optional Redemption.” The record date for the Bonds will be the fifteenth day of the calendar month preceding such interest payment. Interest on the Bonds will be calculated on a 30-day month and 360-day year basis.

The Bonds will be issued as registered bonds and may be registered, at the option of the purchaser, in the name of the purchaser or in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which, if so elected by the purchaser, will act as securities depository for the Bonds. If the Bonds are issued in book-entry form, individual purchases will be in the principal amount of \$5,000 or integral multiples thereof, except for one necessary odd denomination in the first maturity of the Bonds which is or includes \$7,110. Purchasers will not receive certificates representing their ownership interest in the Bonds. Principal and interest will be paid by the Village to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds. See “BOOK-ENTRY-ONLY SYSTEM” herein. If the Bonds are issued in registered certificated form, the Bonds will be issued in denominations of \$5,000 or any integral multiple thereof, except for one necessary odd denomination in the first maturity of the Bonds. The Village will act as paying agent. The Bonds may not be converted into coupon bonds or be registered to bearer.

Purpose of Issue

The Bonds are being issued pursuant to the Constitution and statutes of the State including among others, the Village Law, the Local Finance Law and bond resolutions adopted by the Board of Trustees of the Village on the dates specified below:

Authorization Date	Purpose of Issue	Amount Authorized	Notes Outstanding	Principal Reduction	New Money	Amount of the Bonds
April 25, 2022	Construction of New Improvements to the Water Distribution System (Phase III)	\$ 21,692,700	\$ 1,195,000	\$ 15,000	\$ -	\$ 1,180,000
October 7, 2024	Fire Ladder Truck	1,547,110	1,547,110	-	-	1,547,110
	Totals:		\$ 2,742,110	\$ 15,000	\$ -	\$ 2,727,110

See also “STATUS OF INDEBTEDNESS - New York State Environmental Facilities Corporation Financings” herein.

Optional Redemption

The Bonds maturing on or before May 1, 2034 shall not be subject to redemption prior to maturity. The Bonds maturing on or after May 1, 2035 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed), at the option of the Village on May 1, 2034 or on any date thereafter at par (100%), plus accrued interest to the date of redemption.

If less than all of the bonds of any maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected by the Village by lot in any customary manner of selection as determined by the Village Treasurer. Notice of such call for redemption shall be given by providing notice to the registered holder not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

NATURE OF OBLIGATION

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

Holders of any series of 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 bonds.

The Bonds 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”). 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 Bonds 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, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term “faith and credit” in its context is “not qualified in any way”. Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, “with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations.” According to the Court in Quirk, the State Constitution “requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness.”

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

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

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

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds, if so requested by the purchaser. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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

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

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

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Village, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the 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 BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS, (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS, OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, 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 OR REDEMPTION PREMIUM ON THE BONDS (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

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 Bonds under Certain Circumstances

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Village and discharging its responsibilities with respect thereto under applicable law, or the Village may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof, except for one necessary odd denomination in the first maturity of the Bonds which is or includes \$7,110. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent bank to be named by the Village upon termination of the book-entry-only system. Interest on the Bonds will be payable on November 1, 2026 and semi-annually thereafter on May 1 and November 1 until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the fifteenth day of the calendar month preceding each such interest payment date of the Bonds. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Bond Determinations Certificate of the Chief Financial Officer authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the fifteenth day of the calendar month preceding an interest payment date and such interest payment date.

THE VILLAGE

General Information

The Village of Ilion is located in the Southwest corner of Herkimer County, in close proximity to the City of Utica. The Village was incorporated in 1852 and is one of only twelve villages in New York State still incorporated under a charter, the others having incorporated or re-incorporated under the provisions of Village Law.

The Village is in the Mohawk Valley industrial area of upstate New York and is served by the New York State Thruway (I-90).

The Village provides residents with all the usual commercial and professional needs and the Village is served by branch banks of M&T and Adirondack Bank.

Gas is furnished by the Niagara Mohawk Power Corporation. The Village has a municipal electric department which serves over 3,800 households and is regulated by the New York Department of Public Service.

Local, County and State police agencies serve Village residents. Fire protection and EMS is afforded by the Village Fire Department and augmented by the volunteer fire department.

As a result of 2 major floods, the Village is working with the Federal Emergency Management Agency (“FEMA”) to get homes out of a major flood zone. As a result, the Village is expected to have a reduction of approximately \$50,000 in tax revenue. The Village may recuperate these losses through future grants or savings. The estimated loss in tax revenue is not expected to have a material effect on the Village.

Source: Village officials.

Population Trends

	<u>Village of Ilion</u>	<u>Herkimer County</u>	<u>New York State</u>
1990 Census	8,888	55,797	17,990,455
2000 Census	8,610	64,427	18,976,457
2010 Census	8,053	64,519	19,378,102
2020 Census	7,646	61,139	20,201,249
2024 Census (estimate)	7,559	59,585	19,867,248

Source: U.S. Census Bureau, Population Estimates Program (PEP).

Larger Employers

Larger employers within or nearby the Village include the following:

<u>Name</u>	<u>Type</u>	<u>Number of Employees</u>
Tractor Supply	Distribution	750
Herkimer County Government & Agencies	County Government	406
Wal-Mart Supercenter	Retail/Grocery	394
Herkimer Area Resource Center	Services to Disabled	360
Little Falls Hospital	Hospital	280

In March 2024, RemArms LLC, which had historically been the County and Village’s largest employer, announced that the Remington Arms factory located in the Village will be permanently closed, eliminating 300 jobs. The 1 million square foot factory was sold to a developer in December 2024 with no definitive plans for the site as of the date of this Official Statement.

Source: Village officials information based on publicly reported sources.

Selected Wealth and Income Indicators

Per capita income statistics are available for the Village, County and State. Listed below are select figures from the 2006-2010 Census Reports, 2016-2020 and 2020-2024 American Community Survey 5-Year Estimates.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2020-2024</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2020-2024</u>
Village of:						
Ilion	\$ 20,798	\$ 27,438	\$ 37,762	\$ 51,231	\$ 77,013	\$ 80,714
County of:						
Herkimer	21,908	29,540	37,228	53,288	75,594	88,601
State of:						
New York	30,948	40,898	50,712	67,405	87,270	106,873

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

Source: U.S. Census Bureau, 2006-2010 census, and 2016-2020 and 2019-2023 American Community Survey data.

Unemployment Rate Statistics

Unemployment statistics are not available for the Village as such. The smallest area for which such statistics are available (which includes the Village) is the County of Herkimer. The information set forth below with respect to the County and the State of New York is included for information 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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Herkimer County	5.5%	4.7%	4.5%	7.7%	5.7%	3.8%	3.8%	4.2%	N/A
New York State	4.6%	4.1%	3.9%	9.8%	7.1%	4.3%	4.0%	4.2%	4.3%

	<u>2025-26 Monthly Figures</u>											
	<u>2025</u>					<u>2026</u>						
	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>
Herkimer County	3.6%	3.0%	3.2%	3.8%	3.9%	3.9%	N/A	4.0%	4.4%	5.4%	N/A	N/A
New York State	3.8%	3.8%	4.1%	4.8%	4.9%	4.7%	N/A	4.4%	4.3%	4.7%	N/A	N/A

Note: Unemployment rates for the months of October 2025, February and March 2026 and annual averages for 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).

Form of Village Government

The chief executive officer of the Village is the Mayor, who is elected to a four-year term, and is eligible to succeed himself. He is also a member of the Board of Trustees. In addition to the Mayor, there are four Trustees who are elected to four-year terms. Their terms are staggered so that every second year, two Trustees run for election. The Mayor and Trustees are elected at large.

The Village Mayor is the chief administrative and executive officer of the Village. The Village Clerk is responsible for maintaining records.

Financial Organization

The Village Treasurer is the Chief Fiscal Officer and the accounting officer. The Treasurer is responsible for collecting taxes and assessments. It is the Village Treasurer's duty to receive, disburse and account for all financial transactions. The Village Treasurer is the Budget Officer for the Village.

Budgetary Procedures

The Budget Officer prepares the proposed budget each year, pursuant to the Laws of the State of New York, 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.

Investment Policy

Pursuant to the statutes of the State of New York, the Village is permitted to invest only in the following investments: (1) special time deposit accounts in, or certificates of deposits issued by 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 are guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality, school district 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.

State Aid

The Village receives financial assistance from the State. In its budget for the Fiscal Year Ending May 31, 2026, approximately 8.1% of the revenues of the Village are estimated to be received in the form of State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Village, in any year, the Village may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, as is the case this year, municipalities and school districts in the State, including the Village, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the Village. No assurance can be given that present State aid levels will be maintained in the future. 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.

Employees

The Village employs approximately 69 full-time and 33 part time employees. Employees represented by collective bargaining agreements, the collective bargaining agents, if any, which represent them and the dates of expiration of the various collective bargaining agreements are as follows:

<u>Union</u>	<u>Approximate Number of Employees</u>	<u>Contract Expiration Date</u>
Policeman's Benevolent Association	18	December 31, 2025 ⁽¹⁾
IAFF	16	December 31, 2027
New York State Teamsters (DPW)	11	December 31, 2026
IBEW	5	December 31, 2026
New York State Teamsters (Water)	7	December 31, 2026

⁽¹⁾ Currently under negotiations.

Source: Village officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the Village are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"; with ERS, the "Retirement Systems"). The ERS is generally also known as the "Common Retirement Fund". The Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems 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 had vested after ten years of credited service; however, this was changed to five years as of April 9, 2022. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems.

The ERS is non-contributory with respect to members hired prior to July 27, 1976 (Tier 1 & 2); members hired from July 27, 1976 through December 31, 2009 (Tier 3 & 4) contribute 3% for the first 10 years of service and then become non-contributory; members hired from January 1, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

The PFRS is non-contributory with respect to members hired prior to January 8, 2010 (Tier 1, 2 & 3); members hired from January 9, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage. The State's 2024-25 Enacted Budget included a provision that improved the pension benefits of Tier VI members by modifying the final average salary calculation from 5 years back to 3 years. This measure was effective as of April 1, 2024 for PFRS Tier VI members and April 20, 2024 for ERS Tier VI members.

For both ERS & PFRS, Tier 5 provides for:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw 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 & firefighters at 15% of non-overtime wages.

For both ERS & PFRS, Tier 6 provides for:

- Increase in contribution rates of between 3% and 6% base on annual wage.
- Increase in the retirement age from 62 years to 63 years.
- A readjustment of the pension multiplier.
- A change in the period for final average salary calculation from 3 years to 5 years.

The Village’s payments to ERS and PFRS since the 2021 fiscal year have been as follows:

<u>Fiscal Year Ending</u>	<u>ERS</u>	<u>PFRS</u>
2021	\$ 243,385	\$ 544,136
2022	253,585	602,804
2023	179,821	590,547
2024	217,778	543,862
2025	236,781	637,135
2026 (Budgeted)	345,283	918,614

Source: Village officials.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The Village does not have any early retirement incentives outstanding.

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

A chart of average ERS and PFRS rates (2021 to 2027) is shown below:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2021	14.6%	24.4%
2022	16.2	28.3
2023	11.6	27.0
2024	13.1	27.8
2025	15.2	31.2
2026	16.5	33.7
2027	17.6	36.5

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

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to 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 2013-14 Adopted State Budget included a provision that authorized 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. The pension contribution rates under this program would reduce near-term payments for employers, but 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

GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB") requires state and local 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. GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The Village is not currently in compliance with GASB 75 and will not be conducting an actuarial valuation of its OPEB liability, and does not intend to do so in the foreseeable future. For additional information, please contact the Village.

Financial Statements

The Village retains an independent certified public accountant firm for a continuous independent audit of all financial transactions of the Village. The Village's last completed audited financial statement was for the fiscal year ended May 31, 2025, and is attached hereto as "APPENDIX – E". Certain summary financial information of the Village may be found in the Appendices to this Official Statement.

The Village complies with the Uniform System of Accounts as prescribed for towns in New York State by the State Comptroller. 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).

Beginning with the fiscal year ending December 31, 2003, the Village is required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis. The Village hired an outside consultant to assist in implementation of GASB 34, inclusive of a physical review and documentation of all assets owned by the Village. The Village is currently in full compliance with GASB 34.

The State Comptroller’s Fiscal Stress Monitoring System

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

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

The reports of the State Comptroller for the 2020-21 through 2024-25 fiscal years of the Village are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2025	No Designation	0.0
2024	No Designation	0.0
2023	No Designation	0.0
2022	No Designation	6.3
2021	No Designation	16.7

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

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

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 found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

There have been no State Comptroller’s audits of the Village within the past five years, nor any that are currently in progress or pending release at this time.

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

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose for which the Bonds are to be issued is the Village Law and 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 1st through May 31st.

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

Except for as shown under “STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness”, this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the Village.

TAX INFORMATION

Taxable Valuations

<u>Year of Village Tax Roll</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Town of:					
German Flatts	\$ 168,048,254	\$ 168,720,659	\$ 169,297,860	\$ 169,997,432	\$ 170,837,406
Frankfort	<u>1,035,207</u>	<u>1,035,734</u>	<u>1,036,197</u>	<u>1,036,705</u>	<u>1,048,259</u>
Total Assessed Value	<u>\$ 169,083,461</u>	<u>\$ 169,756,393</u>	<u>\$ 170,334,057</u>	<u>\$ 171,034,137</u>	<u>\$ 171,885,665</u>

State Equalization Rates

<u>Year of Village Tax Roll</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Town of:					
German Flatts	75.50%	69.70%	64.00%	55.00%	\$ 53.40%
Frankfort	<u>64.50%</u>	<u>61.40%</u>	<u>58.00%</u>	<u>58.00%</u>	<u>46.07%</u>
Taxable Full Valuation	<u>\$ 242,185,441</u>	<u>\$ 243,753,806</u>	<u>\$ 266,314,453</u>	<u>\$ 311,118,995</u>	<u>\$ 322,195,597</u>

Tax Rate Per \$1000 (Assessed)

<u>Year of Village Tax Roll</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Town of:					
German Flatts	\$ 27.83	\$ 28.11	\$ 28.68	\$ 29.26	\$ 29.54
Frankfort	32.57	31.91	31.65	31.55	34.24

Tax Collection Procedure

Tax payments are due on June 1 to and including June 30th this 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 until November 1, at which time the unpaid taxes are submitted to Herkimer County for collection. Herkimer County remits a check to the Village in March of each year for the total amount of uncollected taxes and penalties.

As a result of 2 major floods, the Village is working with the Federal Emergency Management Agency (“FEMA”) to get homes out of a major flood zone. As a result, the Village is expected to have a reduction of approximately \$50,000 in tax revenue. The Village may recuperate these losses through future grants or savings. The estimated loss in tax revenue is not expected to have a material effect on the Village.

Tax Levy and Tax Collection Record

<u>Fiscal Years Ending May 31:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Total Tax Levy	\$ 4,710,167	\$ 4,776,184	\$ 4,888,216	\$ 5,006,501	\$ 5,081,750
Uncollected End of Year ⁽¹⁾	0	0	0	0	0
% Uncollected	0%	0%	0%	0%	0%

⁽¹⁾ Taxes guaranteed by Herkimer County. See “Tax Collection Procedure” herein.

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

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
National Grid	Utility	\$ 3,594,727
Colonial Manor	Apartments	2,060,700
Ventura Taylor Outparcel, LLC	Aldi	1,757,500
Roundhill Group, LLC	Manufacturing	1,602,000
4 Central Plaza Holdings, LLC	Medical Facilities	1,469,600
Gabriel Group	Apartments (Forge Hill Estates)	1,108,900
Grand Mohawk Realty, LLC	Nursing Home	1,103,200
Valmer Development	Commercial	917,000
Fastrac EG, LLC	Commercial	651,425
Berkshire Bank	Bank	500,000

The larger taxpayers listed above have a total assessed valuation of \$14,765,052, which represents 8.6% of the tax base of the Village for the 2025-26 fiscal year.

As of the date of this Official Statement, the Village does not have any pending or outstanding tax certioraris that are known to Village Officials.

Source: Village Tax Rolls.

Constitutional Tax Margin

Computation of Constitutional Tax Margin for fiscal years ending May 31, 2024 through 2026:

<u>Fiscal Years Ending May 31:</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Five-Year Average Full Valuation	<u>\$ 232,335,027</u>	<u>\$ 252,487,393</u>	<u>\$ 273,513,665</u>
2% of Five-Year Average Full Valuation.....	4,646,701	5,049,748	5,470,273
Total Additions.....	<u>1,004,054</u>	<u>1,055,269</u>	<u>2,006,425</u>
Total Taxing Power	5,650,755	6,105,017	7,476,698
Tax Levy for General Village Purposes	<u>4,888,216</u>	<u>5,006,501</u>	<u>5,081,750</u>
Constitutional Tax Margin.....	<u>\$ 762,539</u>	<u>\$ 1,098,516</u>	<u>\$ 2,394,948</u>

Note: As a result of 2 major floods, the Village is working with FEMA to get homes out of a major flood zone. As a result, the Village is expected to have a reduction of approximately \$50,000 in tax revenue. The Village may recuperate these losses through future grants or savings. The estimated loss in tax revenue is not expected to have a material effect on the Village.

Source: Village officials.

Additional Tax Information

Real property in the Village is assessed by the Town of German Flatts and the Town of Frankfort.

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

The total assessed valuation of the Village consists of approximately 97%-residential and 3%-commercial/other.

The total property tax bill of an average market value residential property located in the Village is approximately \$1,500 including County, School District, Town and Village taxes.

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (as amended, the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to 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. 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 would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) 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 Law (June 24, 2011).

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.

STATUS OF INDEBTEDNESS

Constitutional Requirements

The New York State Constitution limits the power of the Village (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations in summary form, and as generally applicable to the City and its indebtedness (including the Bonds), include the following provisions:

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, private corporation or private undertaking or give or loan its credit to or in aid of any foreign or public corporation. The Village may contract indebtedness only for a Village purpose and shall pledge its faith and credit for the payment of the principal of any 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; no installment may be more than fifty per centum in excess of the smallest prior installment, unless substantially level or declining debt service is utilized. 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 bonds.

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 property 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.

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the Village is calculated by taking 7% of the latest five-year average of the full valuation of all taxable real property.

Statutory Procedure

In general, the State Legislature has 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 and Village Law, the Village authorizes the issuance of bonds by the adoption of a bond ordinance 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 bond anticipation notes in anticipation of authorized bonds.

The Local Finance Law also provides that when a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

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

Such obligations are authorized in violation of the provisions of the Constitution.

The Village generally issues its obligations after the time period specified in 3, above has expired with no action filed that has contested validity. It is a procedure that is recommended by Bond Counsel and followed by the Village, 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 has authorized bonds for a variety of Village objects or purposes.

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

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 tax anticipation notes and budget, deficiency and capital 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	\$ 6,241,474	\$ 5,864,253	\$ 5,730,804	\$ 12,450,425	\$ 25,974,733
Installment Purchase Loans Payable ⁽¹⁾	317,798	226,261	162,541	111,506	58,293
Bond Anticipation Notes	0	0	9,000,000	15,000,000	3,195,000
EFC Loan Advance (Grid Note) ⁽²⁾	0	8,150,377	11,561,797	7,018,500	5,492,796
2004 HUD Section 108 (Federal) Loan	21,000	21,000	21,000	0	0
State Loans	<u>27,482</u>	<u>18,547</u>	<u>9,389</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$ 6,607,754</u>	<u>\$ 14,280,438</u>	<u>\$ 26,485,531</u>	<u>\$ 34,580,431</u>	<u>\$ 34,720,822</u>

⁽¹⁾ Does not constitute general obligation debt of the Village but does count towards its debt limit. See "Other Obligations" herein.

⁽²⁾ See "New York State Environmental Facilities Corporation Financings" for additional details.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Village as of April 14, 2026:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
Bonds	2026-2054	\$ 757,795
Bond Anticipation Notes	May 8, 2026	3,195,000 ⁽³⁾
Installment Purchase Loans Payable ⁽¹⁾	Various	29,852
U.S. Rural Development Bond (Water)	2026-2052	4,072,000
NYS EFC Short-Term Grid Notes (Water) ⁽²⁾	May 31, 2026	8,966,613
NYS EFC Bonds (Sewer)	2026-2052	6,409,481
NYS EFC Bonds (Water)	2026-2052	<u>13,815,058</u>
Total Indebtedness:		<u>\$ 37,245,799</u>

- (1) Does not constitute general obligation debt of the Village but does count towards its debt limit. See “Other Obligations” herein.
- (2) See “New York State Environmental Facilities Corporation Financings” for additional details.
- (3) To be redeemed and renewed, in part, at maturity with proceeds of the Bonds together with \$467,890 available funds of the Village.

Debt Statement Summary

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of April 14, 2026:

Five-Year Average Full Valuation of Taxable Real Property	\$ 273,513,658
Debt Limit – 7% thereof.....	19,145,956

Inclusions: ⁽¹⁾

Bonds.....	\$ 757,795	
Bond Anticipation Notes	3,195,000	
U.S. Rural Development Bond (Water)	4,072,000	
NYS EFC Short-Term Grid Notes (Water) ⁽²⁾	8,966,613	
NYS EFC Bonds (Sewer).....	6,409,481	
NYS EFC Bonds (Water).....	<u>13,815,058</u>	
Total Inclusions.....		<u>\$ 37,215,947</u>

Exclusions:

Appropriations ⁽³⁾	\$ 286,878	
Water Debt ⁽⁴⁾	<u>28,048,671</u>	
Total Exclusions.....		<u>\$ 28,335,549</u>

Total Net Indebtedness Subject to Debt Limit.....	<u>\$ 8,880,398</u>
Net Debt-Contracting Margin.....	<u>10,265,558</u>
Percent of Debt Contracting Power Exhausted.....	46.38%

- (1) Does not include installment purchase obligations. See “Other Obligations” herein.
- (2) See “New York State Environmental Facilities Corporation Financings” for additional details.
- (3) Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.
- (4) 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 revenue or tax anticipation notes, nor budget or deficiency notes in the recent past, and has no plans to borrow for such notes in the foreseeable future.

New York State Environmental Facilities Corporation Financings

The Village entered into agreements with the New York State Environmental Facilities Corporation (“EFC”) to receive Short-Term Market Rate Financing (“SMRF”) and Long-Term Interest Free Financing (LTIFF) to finance costs associated with the construction of new improvements to the water distribution system (Phase II & III) in and for the Village (the “Water Project”). EFC provides LTIFF financing in the form of statutory installment bonds issued through EFC. EFC provides short-term financing in the form of a hardship loan by making advances of funds to the Village from time to time. The Village shall be obligated to repay each advance in one or more principal installments in amounts and at times specified or determined in accordance with the respective financing agreements with EFC, plus any accrued interest. Interest, if any, accrues on advances from the date of disbursement in accordance with the respective advances.

On April 21, 2020, the Village approved a bond resolution authorizing the construction of new improvements to the water distribution system (Phase II) at a maximum estimated cost of \$6,104,000 and authorizing the issuance of up to \$6,104,000 serial bonds to finance the cost of the project. On July 11, 2024, \$6,104,000 bond anticipation notes were redeemed with \$299,972 available funds of the Village, \$3,000,000 grant funds, and LTIFF in the form of \$2,804,028 E.F.C. Drinking Water Statutory Installment Bond – 2024.

On April 25, 2022, the Village approved a bond resolution authorizing the construction of new improvements to the water supply treatment and distribution system (Phase III) at a maximum estimated cost of \$21,692,700 and authorizing the issuance of up to \$21,692,700 serial bonds to finance the cost of the project. On July 11, 2024, \$8,896,000 bond anticipation notes were redeemed with \$1,082,183 available funds of the Village and LTIFF in the form of \$3,995,972 E.F.C. Drinking Water Statutory Installment Bond – 2024. A \$2,622,845 portion of the notes was converted to SMRF through EFC, with the balance in the amount of \$1,211,127 renewed with bond anticipation notes. The proceeds of the notes together with \$16,127 available funds of the Village, redeemed and renewed, in part, the outstanding bond anticipation notes in the amount of \$1,195,000 through May 8, 2026. \$1,190,000 proceeds of the Bonds will be used to redeem the outstanding notes at maturity. The Village is authorized to draw up to \$13,693,581 of SMRF, of which \$8,966,613 has been disbursed to the Village as of the date of this Official Statement, inclusive of the \$2,622,845 bond anticipation notes converted to SMRF on July 11, 2024, with \$4,726,967 remaining available to draw upon as needed.

On December 5, 2024, the Village entered into a project finance agreement with EFC (State Revolving Fund Project No. 18562) to provide LTIFF in the amount of \$7,759,008 to refinance \$7,018,500 of STIFF financing previously drawn upon by the Village to finance Village water system improvements pursuant to bond resolutions adopted by the Village on January 9, 2019 and July 24, 2019.

Landfill Closure and Post-Closure Costs

The Town of German Flatts, the Village of Ilion, and the Village of Mohawk jointly operated and underwrote the expenses of the German Flatts, Ilion, Mohawk Joint Garbage, Metal, and Refuse Disposal System (GFIM Landfill). During 1995, the GFIM landfill was closed, and the Village of Ilion entered into an agreement with the Town of German Flatts and the Village of Mohawk to share future post-closure costs. The Village’s responsibility is 62.5% of the anticipated post-closure costs.

The Village’s responsibility and liability for monitoring the landfill will continue for thirty years from the date the landfill was closed. The post-closure liability has reached its 30-year term and no longer remains outstanding as of May 31, 2025.

Other Obligations

The Village has entered into various capital leases for the purchase of equipment, machinery and apparatus.

The following is a schedule of future payments as of the date of this Continuing Disclosure Statement:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 0	\$ 0
2027	<u>29,852</u>	<u>1,481</u>
Total Payments	<u>\$ 58,292</u>	<u>\$ 1,481</u>

Source: Village officials. Table itself is not audited.

Note: The above obligations are subject to appropriation but do not involve a pledge of faith and credit of the Village, and therefore do not technically constitute indebtedness of the Village. Such obligations do however count towards the debt limit of the Village. The Village remains within its debt limit after taking into account the outstanding balance of such obligations.

Capital Project Plans

Other than for the projects being financed with proceeds of the Bonds and through EFC, the Village does not have any other capital projects authorized as of the date of this Official Statement. See also “THE BONDS – Purpose of Issue” and “STATUS OF INDEBTEDNESS - New York State Environmental Facilities Corporation Financings” herein.

Estimated Overlapping Indebtedness

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

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>Village Share</u>	<u>Applicable Indebtedness</u>
County of:						
Herkimer	6/30/2025 ⁽²⁾	\$ 12,400,000	\$ 1,515,000 ⁽⁴⁾	\$ 10,885,000	4.48%	\$ 487,648
Town of:						
German Flatts	12/31/2024 ⁽³⁾	235,000	N/A ⁽⁶⁾	235,000	56.13%	131,906
School District:						
Central Valley	5/16/2025 ⁽²⁾	49,040,000	48,059,200 ⁽⁵⁾	980,800	54.85%	537,969
Total:						<u>\$ 1,157,522</u>

- (1) Outstanding bonds and bond anticipation notes of the respective municipality. 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) Gross indebtedness, exclusions, and net-indebtedness sourced from available annual financial information & operating data filings and/or official statements of the respective municipality.
- (3) Gross indebtedness sourced from local government data provided by the State Comptroller’s office for the most recent fiscal year such data is available for the respective municipality.
- (4) 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.
- (5) Amount excluded represents State building aid on existing bonded indebtedness estimated to be received by the district pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963.
- (6) Information regarding excludable debt not available.

Debt Ratios

The following table sets forth certain ratios relating to the Village's net indebtedness as of April 14, 2026:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Gross Indebtedness ^(c)	\$ 37,215,947	\$ 4,923.40	11.55%
Net Indebtedness ^(c)	8,880,398	1,174.81	2.76
Gross Plus Net Overlapping Indebtedness ^(c)	38,373,469	5,076.53	11.91
Net Plus Net Overlapping Indebtedness ^(c)	10,037,920	1,327.94	3.12

- (a) The 2024 estimated population of the Village is 7,559. (See “THE VILLAGE – Population Trends” herein.)
- (b) The Village’s full value of taxable real estate for its 2025-26 tax roll is \$322,195,597. (See “TAX INFORMATION” herein.)
- (c) See “Debt Statement Summary” herein.
- (d) Estimated net overlapping indebtedness is \$1,157,522. (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 Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

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 Bonds should the Village be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The rights of the owners of Bonds 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 Bonds) 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.

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 Bonds.

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 “NATURE OF OBLIGATION” and “State Debt Moratorium Law” herein.

No Past Due Debt. No principal of or interest on Village indebtedness is currently past due. To the best knowledge of Village officers, the Village has not defaulted in the payment of the principal of and interest on any indebtedness in the past five years.

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Bonds. The following is a discussion of certain events that could affect the risk of investing in the Bonds. 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 Bonds 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 Bonds. 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 Bonds 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 "THE VILLAGE - 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 Bonds.

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 Bonds 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 Bonds. Recent global financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Bonds 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 Bonds and other debt issued by the Village. Any such future legislation would have an adverse effect on the market value of the Bonds (See "TAX MATTERS" herein).

The Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Village and continuing technical and constitutional issues raised by its enactment and implementation could have an impact upon the finances and operations of the Village and hence upon the market price of the Bonds. See "TAX LEVY LIMITATION LAW" herein.

Cybersecurity

The Village, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Village faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. No assurances can be given that such security and operational control measures implemented would be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Village digital networks and systems and the costs of remedying any such damage could be substantial.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX – D".

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and exempt from State of New York personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of

ownership of Bonds with original issue discount, including the treatment of owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

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

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

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

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

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

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

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

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

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

LEGAL MATTERS

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

LITIGATION

The Village, like any municipality, may be subject to a number of lawsuits in the ordinary conduct of its affairs. The Village does not anticipate that any current, pending or threatened litigation, 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 Bonds or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Bonds or any proceedings or authority of the Village taken with respect to the authorization, issuance or sale of the Bonds or contesting the corporate existence or boundaries of the Village.

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the Village will enter into an “Undertaking to Provide Continuing Disclosure”, the form of which is attached hereto as “APPENDIX – C, CONTINUING DISCLOSURE UNDERTAKING”

Historical Continuing Disclosure Compliance

The Village has complied with all previous Undertakings in all material respects pursuant to the Rule within the past five years, however,

- The Village’s audited financial statement for the fiscal year ended May 31, 2021 was not filed within 30 days of its date of completion based on the dated date of the audit (April 25, 2022) to the date the audit was filed to EMMA (April 14, 2023). The Village also failed to provide notice of its failure to file said audit in a timely manner.
- The Village’s Annual Financial Information and Operating Data (“AFIOD”) for the fiscal year ended May 31, 2022 was filed 144 calendar days late and the Village’s unaudited annual financial statement for the fiscal year ended May 31, 2022 was filed 138 days late. The Village’s audited financial statement for the fiscal year ended May 31, 2022 was not filed on or before May 31, 2023. The Village’s 2022 audit was dated May 18, 2023 but was not filed to EMMA until June 1, 2023. The Village also failed to provide notice of its failure to file said AFIOD, unaudited annual financial statement and audit in a timely manner.
- The Village’s audited financial statement for the fiscal year ended May 31, 2023 was not filed to EMMA in a timely manner. The Village’s 2023 audit was dated April 8, 2024 but was not filed to EMMA until April 16, 2025. The Village also failed to provide notice of its failure to file said audit in a timely manner.
- The Village’s AFIOD and unaudited annual financial statement for the fiscal year ended May 31, 2024 were not filed to EMMA until April 16, 2025. The Village’s 2024 audit was dated September 25, 2025 and was not filed to EMMA until November 26, 2025. The Village also failed to provide notice of its failure to file said AFIOD and annual financial statements in a timely manner.
- The Village failed to provide notices of the incurrence of certain financial obligations relating to long term financings issued through the New York State Environmental Facilities Corporation on March 21, 2024, July 11, 2024, and December 5, 2024, respectively. The Village has since filed the relevant event notice and also notice of its failure to file.
- The Village failed to provide notices of the incurrence of certain financial obligations relating to statutory installment bonds issued by the Village on June 28, 2023 and May 29, 2024 respectively. The Village has since filed the relevant event notice and notice of its failure to file.
- The Village failed to provide a notice of event relating to a rating upgrade made by Moody’s Ratings on October 30, 2024. The Village has since filed the relevant event notice and notice of its failure to file.
- The Village’s audited financial statement for the fiscal year ended May 31, 2025 was not filed within 30 days of its date of completion based on the dated date of the audit (December 9, 2025) to the date the audit was filed to EMMA (March 16, 2026). The Village also failed to provide notice of its failure to file said audit in a timely manner.

The Village is reviewing its policies and procedures to ensure that its annual financial information and operating data and event notices are provided to EMMA in a timely manner.

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 Bonds. The advice on the plan of financing and the structuring of the Bonds 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 Bonds.

CUSIP IDENTIFICATION NUMBERS

If issued in book-entry-only form, it is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds 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.

RATINGS

Moody's Ratings ("Moody's") has assigned their rating of "A2" to the Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. The rating reflects only the view of the Moody's and an explanation of the significance of such rating may be obtained from Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, NY 10007, Phone: (212) 553-1653.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the outstanding bonds and the Bonds.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates in good faith, no assurance can be given that the facts will materialize as so opined or estimated. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds.

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the 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", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

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

Orrick, Herrington & Sutcliffe LLP, New York, New York Bond Counsel to the Village, expressed no opinions 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 Bonds, including but not limited to, the financial or statistical information in this Official Statement.

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

Concurrently with the delivery of the Bonds, 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 a limitation as to information in the Official Statement obtained from sources other than the Village.

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

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

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the 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 in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the Village also assumes 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: MariJo Rice, Village Treasurer, Village of Ilion, 49 Morgan Street, Ilion, New York 13357, Phone (315) 895-7449, Email: marijo@ilionny.com.

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

VILLAGE OF ILION

Dated: April 14, 2026

MARIJO RICE
Village Treasurer

GENERAL FUND

Balance Sheets

Fiscal Years Ending May 31:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
ASSETS					
Cash and Cash Equivalents	\$ 398,322	\$ 1,762,381	\$ 2,746,790	\$ 2,402,583	\$ 3,117,120
Cash and Cash Equivalents (restricted)	23,955	18,957	15,191	12,594	10,221
Accounts Receivable, net	35,058	3,510	33	27,261	95,072
Due from State and Federal Governments	1,616,361	206,875	272,813	-	-
Due from Other Governments	127,996	181,210	168,823	696,575	865,609
Due from Other Funds	627,638	541,684	973	118,596	141,769
Prepaid Expenses	1,171	1,071	1,778	5,597	5,462
TOTAL ASSETS	<u>\$ 2,830,501</u>	<u>\$ 2,715,688</u>	<u>\$ 3,206,401</u>	<u>\$ 3,263,206</u>	<u>\$ 4,235,253</u>
LIABILITIES AND FUND EQUITY					
Accounts Payable	\$ 904,008	\$ 113,609	\$ 43,958	\$ 44,076	\$ 51,793
Accrued Liabilities	-	-	-	-	-
Due to Other Governments	129,972	112,694	123,051	128,431	147,149
Other Liabilities	27,560	93,981	51,618	98,644	71,092
Due to Other Funds	-	40,252	25,102	12,685	93,394
Deferred Revenues	907	317,040	357,441	107,358	203,428
Deferred Inflows of Resources	-	-	8,583	3,456	-
TOTAL LIABILITIES	<u>\$ 1,062,447</u>	<u>\$ 677,576</u>	<u>\$ 609,753</u>	<u>\$ 394,650</u>	<u>\$ 566,856</u>
FUND EQUITY					
Nonspendable	\$ 1,171	\$ 1,071	\$ 1,778	\$ 5,597	\$ 5,462
Restricted	23,955	18,957	15,191	12,594	10,221
Assigned	373,223	195,699	448,229	259,782	325,124
Unassigned	1,369,705	1,822,385	2,131,450	2,590,583	3,327,590
TOTAL FUND EQUITY	<u>\$ 1,768,054</u>	<u>\$ 2,038,112</u>	<u>\$ 2,596,648</u>	<u>\$ 2,868,556</u>	<u>\$ 3,668,397</u>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 2,830,501</u>	<u>\$ 2,715,688</u>	<u>\$ 3,206,401</u>	<u>\$ 3,263,206</u>	<u>\$ 4,235,253</u>

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

<u>Fiscal Years Ending May 31:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
REVENUES					
Real Property Taxes	\$ 4,601,792	\$ 4,710,168	\$ 4,771,868	\$ 4,888,255	\$ 5,006,496
Real Property Tax Items	238,736	229,110	238,625	229,754	642,295
Non-Property Tax Items	831,225	948,090	1,008,795	1,008,029	1,006,194
Departmental Income	576,544	642,113	744,436	786,463	1,103,507
Use of Money & Property	32,613	34,363	19,043	130,364	118,278
Licenses and Permits	13,886	10,290	9,793	11,403	11,842
Fines and Forfeitures	50,041	59,193	52,246	43,687	53,043
Sale of property and Compensation for Loss	17,455	98,982	31,402	42,821	75,791
Miscellaneous	186,352	189,553	48,825	70,816	90,229
Interfund Revenues	50,000	50,000	80,800	80,800	80,800
Revenues from State Sources	781,454	371,757	554,881	767,607	796,389
Revenues from Federal Sources	2,457,335	135,550	457,221	299,527	144,442
Total Revenues	<u>\$ 9,837,433</u>	<u>\$ 7,479,169</u>	<u>\$ 8,017,935</u>	<u>\$ 8,359,526</u>	<u>\$ 9,129,306</u>
EXPENDITURES					
General Government Support	\$ 785,529	\$ 630,267	\$ 662,918	\$ 653,265	\$ 723,326
Public Safety	2,532,362	2,881,985	2,725,002	3,171,656	3,312,261
Health	171,415	176,904	357,706	236,698	344,829
Transportation	793,635	816,301	999,841	1,167,251	622,893
Culture and Recreation	92,154	139,716	165,764	159,293	183,818
Home and Community Services	4,425,825	341,710	285,437	145,136	460,252
Employee Benefits	1,900,233	1,961,364	1,946,097	1,987,568	2,142,653
Debt Service	439,878	379,077	459,362	561,874	640,129
Total Expenditures	<u>\$ 11,141,031</u>	<u>\$ 7,327,324</u>	<u>\$ 7,602,127</u>	<u>\$ 8,082,741</u>	<u>\$ 8,430,161</u>
OTHER FINANCING SOURCES (USES):					
Proceeds from Obligations	1,159,002	-	-	-	-
Interfund Transfers In	370,095	222,810	221,000	-	101,926
Operating Transfers Out	(170,964)	(104,597)	(78,272)	(4,877)	(1,230)
Total Expenditures & Other	<u>\$ 1,358,133</u>	<u>\$ 118,213</u>	<u>\$ 142,728</u>	<u>\$ (4,877)</u>	<u>\$ 100,696</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>54,535</u>	<u>270,058</u>	<u>558,536</u>	<u>271,908</u>	<u>799,841</u>
FUND BALANCE					
Fund Balance - Beginning of Year	1,713,519	1,768,054	2,038,112	2,596,648	2,868,556
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 1,768,054</u>	<u>\$ 2,038,112</u>	<u>\$ 2,596,648</u>	<u>\$ 2,868,556</u>	<u>\$ 3,668,397</u>

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

GENERAL FUND

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

Fiscal Years Ending May 31:	2025		2026
	Adopted Budget	Audited Actual	Adopted Budget
REVENUES			
Real Property Taxes	\$ 5,006,501	\$ 5,006,496	\$ 5,081,750
Real Property Tax Items	339,420	642,295	341,920
Non-Property Tax Items	1,049,300	1,006,194	1,044,100
Departmental Income	694,926	1,103,507	921,226
Use of Money & Property	45,550	118,278	67,550
Licenses and Permits	10,065	11,842	11,065
Fines and Forfeitures	41,000	53,043	40,000
Sale of property and Compensation for Loss	2,000	75,791	-
Miscellaneous	17,466	90,229	16,200
Interfund Revenues	104,475	80,800	103,162
Revenues from State Sources	752,163	796,389	673,716
Revenues from Federal Sources	9,280	144,442	27,380
Total Revenues	<u>\$ 8,072,146</u>	<u>\$ 9,129,306</u>	<u>\$ 8,328,069</u>
EXPENDITURES			
General Government Support	\$ 696,710	\$ 723,326	\$ 771,229
Public Safety	3,021,560	3,312,261	2,961,383
Health	192,150	344,829	335,930
Transportation	1,165,006	622,893	1,100,432
Culture and Recreation	174,144	183,818	159,895
Home and Community Services	190,773	460,252	220,603
Employee Benefits	2,237,512	2,142,653	2,383,616
Debt Service	623,270	640,129	679,263
Total Expenditures	<u>\$ 8,301,125</u>	<u>\$ 8,430,161</u>	<u>\$ 8,612,351</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from Obligations	-	-	-
Interfund Transfers In	-	101,926	-
Operating Transfers Out	(1,230)	(1,230)	(1,022)
Total Expenditures & Other	<u>\$ (1,230)</u>	<u>\$ 100,696</u>	<u>\$ (1,022)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(230,209)</u>	<u>799,841</u>	<u>(285,304)</u>
FUND BALANCE			
Fund Balance - Beginning of Year	230,209	2,868,556	285,304
Prior Period Adjustments (net)	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 3,668,397</u>	<u>\$ -</u>

Source: 2024-25 audited financial report and 2025-26 adopted budget (unaudited) of the Village. This Appendix itself is not audited.

CHANGES IN FUND EQUITY

Fiscal Years Ending May 31:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>WATER FUND</u>					
Fund Equity - Beginning of Year	\$ 207,812	\$ 389,022	\$ 514,017	\$ 670,345	\$ 986,140
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	2,926,125	1,627,043	1,761,660	1,915,193	2,230,599
Expenditures & Other Uses	2,744,915	1,502,048	1,605,332	1,599,398	2,053,431
Fund Equity - End of Year	\$ 389,022	\$ 514,017	\$ 670,345	\$ 986,140	\$ 1,163,308
<u>COMMUNITY DEVELOPMENT FUND</u>					
Fund Equity - Beginning of Year	\$ 19,430	\$ 21,290	\$ 29,945	\$ 38,658	\$ 46,301
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	8,656	8,655	8,713	28,643	150
Expenditures & Other Uses	6,796	-	-	21,000	46,451
Fund Equity - End of Year	\$ 21,290	\$ 29,945	\$ 38,658	\$ 46,301	\$ -
<u>LIBRARY FUND</u>					
Fund Equity - Beginning of Year	\$ 255,141	\$ 208,486	\$ 377,956	\$ 414,594	\$ 429,910
Prior Period Adjustments (net)	-	-	-	-	-
Revenues & Other Sources	200,932	451,711	360,308	358,998	367,349
Expenditures & Other Uses	247,587	282,240	323,670	343,682	361,248
Fund Equity - End of Year	\$ 208,486	\$ 377,956	\$ 414,594	\$ 429,910	\$ 436,011
<u>CAPITAL PROJECTS FUND</u>					
Fund Equity - Beginning of Year	\$ -	\$ -	\$ (1,054,343)	\$ (3,680,183)	\$ (10,861,408)
Prior Period Adjustments (net)	-	(477,450)	-	-	-
Revenues & Other Sources	616,676	4,536,223	4,648,032	4,754,590	20,097,354
Expenditures & Other Uses	616,676	5,113,116	7,273,872	11,935,815	11,764,336
Fund Equity - End of Year	\$ -	\$ (1,054,343)	\$ (3,680,183)	\$ (10,861,408)	\$ (2,528,390)
<u>ENTERPRISE ELECTRIC FUND</u>					
Net Position - Beginning of Year	\$ 8,626,896	\$ 8,286,823	\$ 8,672,497	\$ 8,574,063	\$ 8,621,771
Change in Net Position (net)	-	292,716	-	-	-
Operating Income	4,455,952	4,590,659	4,318,496	4,391,947	4,765,921
Operating Expenses	4,796,025	4,497,701	4,416,930	4,344,239	5,027,784
Net Position - End of Year	\$ 8,286,823	\$ 8,672,497	\$ 8,574,063	\$ 8,621,771	\$ 8,359,908

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

BONDED DEBT SERVICE

Fiscal Year Ending May 31st	Principal	Interest	Total	Principal & Interest of the Bonds
2026	\$ 1,126,988	\$ 121,344	\$ 1,248,332	\$ -
2027	1,008,988	108,756	1,117,745	-
2028	987,918	99,548	1,087,466	-
2029	970,850	91,113	1,061,962	-
2030	919,180	83,031	1,002,211	-
2031	877,230	77,528	954,758	-
2032	889,230	74,006	963,236	-
2033	890,230	70,326	960,556	-
2034	892,230	66,615	958,845	-
2035	854,230	63,261	917,491	-
2036	855,230	60,276	915,506	-
2037	864,230	57,184	921,414	-
2038	868,230	53,954	922,184	-
2039	869,230	50,671	919,901	-
2040	871,230	47,356	918,586	-
2041	874,230	43,988	918,218	-
2042	875,230	40,577	915,807	-
2043	876,230	37,145	913,375	-
2044	879,230	33,671	912,901	-
2045	890,230	30,048	920,278	-
2046	892,230	26,286	918,516	-
2047	895,230	22,472	917,702	-
2048	902,230	18,551	920,781	-
2049	904,230	14,535	918,765	-
2050	905,230	10,487	915,717	-
2051	907,230	6,407	913,637	-
2052	919,230	2,178	921,408	-
2053	714,230	-	714,230	-
2054	714,230	-	714,230	-
TOTALS	\$ 25,894,445	\$ 1,411,312	\$ 27,305,757	\$ -

Note: Above table does not include lease or installment purchase obligations outstanding.

CONTINUING DISCLOSURE UNDERTAKING

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

- (i) to the Electronic Municipal Market Access (“EMMA”) system of the Municipal Securities Rulemaking Board (“MSRB”) or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the Final Official Statement dated April 23, 2026 of the Village relating to the Bonds under the headings “THE VILLAGE”, “TAX INFORMATION”, “STATUS OF INDEBTEDNESS”, “LITIGATION” and APPENDICES A, A1, A2, A3 & B, and other than any Appendix related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending May 31, 2026, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending May 31, 2026; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the Village of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the Village of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;
- (ii) within 10 business days after the occurrence of such event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:
 - (a) principal and interest payment delinquencies
 - (b) non-payment related defaults; if material
 - (c) unscheduled draws on debt service reserves reflecting financial difficulties
 - (d) unscheduled draws on credit enhancements reflecting financial difficulties
 - (e) substitution of credit or liquidity providers, or their failure to perform
 - (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (g) modifications to rights of Bondholders; if material
 - (h) bond calls, if material, and tender offers
 - (i) defeasances
 - (j) release, substitution, or sale of property securing repayment of the Bonds; if material
 - (k) rating changes
 - (l) bankruptcy, insolvency, receivership or similar event of the Village;
 - (m) the consummation of a merger, consolidation, or acquisition involving the Village or the sale of all or substantially all of the assets of the Village, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (o) incurrence of a “financial obligation” (as defined in the Rule) of the Village, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Village, any of which affect bondholders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Village, any of which reflect financial difficulties.

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

With respect to event (d) the Village does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds.

For the purposes of the event identified in (l) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for 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.

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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

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

The Village reserves the right to terminate its obligations to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, and notices of material events, as set forth above, if and when the Village no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The Village acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds (including holders of beneficial interests in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the Village's obligations under its continuing disclosure undertaking and any failure by the Village to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds to recover monetary damages.

The Village reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Village, provided that, the Village agrees that any such modification will be done in a manner consistent with the Rule.

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

FORM OF BOND COUNSEL'S OPINION

May 7, 2026

Village of Ilion,
County of Herkimer,
State of New York

Re: Village of Ilion, Herkimer County, New York
\$2,727,110 Public Improvement (Serial) Bonds, 2026

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$2,727,110 Public Improvement Bonds, 2026 (the "Obligations"), of the Village of Ilion, County of Herkimer, State of New York (the "Obligor"), dated May 7, 2026, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of ___ and ___ hundredths per centum (___%) per annum as to bonds maturing in each of the years 20__ to 20__, both inclusive, and at the rate of ___ per centum (___%) per annum as to bonds maturing in each of the years 20__ to 20__, both inclusive, payable on November 1, 2026 and semi-annually thereafter on May 1 and November 1, and maturing in the amount of \$_____ on May 1, 2027, \$_____ on May 1, 2028, \$_____ on May 1, 2029, \$_____ on May 1, 2030, \$_____ on May 1, 2031, \$_____ on May 1, 2032, \$_____ on May 1, 2033, \$_____ on May 1, 2034, \$_____ on May 1, 2035, \$_____ on May 1, 2036, \$_____ on May 1, 2037, \$_____ on May 1, 2038, \$_____ on May 1, 2039, \$_____ on May 1, 2040, \$_____ on May 1, 2041, \$_____ on May 1, 2042, \$_____ on May 1, 2043, \$_____ on May 1, 2044, \$_____ on May 1, 2045, \$_____ on May 1, 2046, \$_____ on May 1, 2047, \$_____ on May 1, 2048, \$_____ on May 1, 2049, \$_____ on May 1, 2050, \$_____ on May 1, 2051, \$_____ on May 1, 2052, and \$_____ on May 1, 2053.

The Obligations maturing on or before May 1, 2034 shall not be subject to redemption prior to maturity. The Obligations maturing on or after May 1, 2035 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed) at the option of the Village on May 1, 2034 or on any date thereafter at par, plus accrued interest to the date of redemption.

We have examined:

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

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligations 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 Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal alternative minimum tax on individuals. Interest on the Obligations included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

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

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

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

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP

VILLAGE OF ILION

AUDITED FINANCIAL STATEMENT

FOR THE FISCAL YEAR ENDED MAY 31, 2025

Such Financial Report and opinions 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 Village'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 Village's independent auditor also has not performed any procedures relating to this Official Statement.

Village of Ilion, New York

Financial Report
May 31, 2025

Village of Ilion, New York

Financial Report
May 31, 2025

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Independent Auditor's Report

Mayor and Board of Trustees
Village of Ilion, New York

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Village of Ilion, New York (Village), as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Adverse Opinions on Governmental Activities, Business-Type Activity, and Enterprise Fund

In our opinion, because of the significance of the matters described in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the governmental activities, the business-type activity, and the enterprise fund of the Village as of May 31, 2025, or the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Each Major Governmental Fund and the Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of the Village as of May 31, 2025, 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 Adverse and Unmodified Opinions

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 *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on Governmental Activities, Business-Type Activity, and Enterprise Fund

As discussed in Note 1b to the financial statements, management of the Village has not maintained accounting records to support the completeness and accuracy of governmental activities infrastructure capital asset balances and has not calculated depreciation on governmental activities capital assets. In addition, management of the Village has not estimated its other postemployment benefit costs and obligations. Accounting principles generally accepted in the United States of America require the capitalization of governmental activities infrastructure capital assets, the depreciation of governmental activities capital assets, and the estimation of other postemployment benefit costs and obligations. The amounts by which these departures would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, and expenses of the governmental activities, the business-type activity, and the enterprise fund have not been determined.

Emphasis of Matter

As discussed in Note 1t to the financial statements, the financial statements of the governmental activities as of and for the year ended May 31, 2024 have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 for twelve months beyond the financial statement date, 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 opinions. 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 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 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis, the schedules of revenues, expenditures, and changes in fund balance - budget to actual for the General Fund and the Water Fund, and the schedule of other postemployment benefits liability that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic 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 December 9, 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.

BST+Co.CPAs, LLP

Latham, New York
December 9, 2025



Village of Ilion, New York

Government-Wide Financial Statements Statement of Net Position

	May 31, 2025		
	Governmental	Business-Type	Total
	Activities	Activity	
ASSETS			
Cash and cash equivalents	\$ 4,618,599	\$ 3,655,739	\$ 8,274,338
Cash and cash equivalents, restricted	588,190	1,153,806	1,741,996
Investment	67,083	-	67,083
Receivables, net			
Accounts, net	446,825	377,907	824,732
Due from other governments	870,812	-	870,812
Inventory	-	214,423	214,423
Prepaid expenses	7,435	19,429	26,864
Internal balances	169	(169)	-
Capital assets			
Non-depreciable	6,263,859	44,718	6,308,577
Depreciable, net	41,780,321	3,791,189	45,571,510
Total assets	54,643,293	9,257,042	63,900,335
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	2,372,658	126,514	2,499,172
Total assets and deferred outflows of resources	57,015,951	9,383,556	66,399,507
LIABILITIES			
Accounts payable and accrued expenses	297,946	321,755	619,701
BAN payable	3,195,000	-	3,195,000
Due to other governments	160,703	-	160,703
Accrued interest	56,504	-	56,504
Customer deposits	-	83,503	83,503
Deferred revenue	203,428	-	203,428
Long-term liabilities			
Due within one year	1,278,311	32,226	1,310,537
Due in more than one year			
Bonds payable	24,767,457	34,580	24,802,037
Loans payable	5,522,649	-	5,522,649
Compensated absences	798,172	186,069	984,241
Net pension liability	4,322,393	339,270	4,661,663
Landfill post-closure liability	25,081	-	25,081
Total liabilities	40,627,644	997,403	41,625,047
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	594,197	26,245	620,442
Total liabilities and deferred inflows of resources	41,221,841	1,023,648	42,245,489
NET POSITION			
Net investment in capital assets	13,369,463	3,789,801	17,159,264
Restricted for			
Capital reserve	36,228	1,070,303	1,106,531
Unrestricted	2,388,419	3,499,804	5,888,223
Total net position	\$ 15,794,110	\$ 8,359,908	\$ 24,154,018

See accompanying Notes to Financial Statements.

Village of Ilion, New York

Government-Wide Financial Statements Statement of Activities

Year Ended May 31, 2025

Function/Programs	Program Revenue				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Business-Type	Total
					Activities	Activity	
GOVERNMENTAL ACTIVITIES							
General government support	\$ 1,353,587	\$ 72,803	\$ 2,000	\$ 34,726	\$ (1,244,058)	\$ -	\$ (1,244,058)
Public safety	2,207,936	71,244	6,840	118,091	(2,011,761)	-	(2,011,761)
Health	406,807	1,000,531	-	-	593,724	-	593,724
Transportation	975,132	-	-	-	(975,132)	-	(975,132)
Culture and recreation	562,200	34,899	2,830	-	(524,471)	-	(524,471)
Home and community services	1,176,181	1,696,987	-	975,548	1,496,354	-	1,496,354
Interest on long-term debt	268,246	-	-	-	(268,246)	-	(268,246)
Total governmental activities	6,950,089	2,876,464	11,670	1,128,365	(2,933,590)	-	(2,933,590)
BUSINESS-TYPE ACTIVITY							
Electric	4,972,309	4,720,886	-	-	-	(251,423)	(251,423)
Total government	\$ 11,922,398	\$ 7,597,350	\$ 11,670	\$ 1,128,365	(2,933,590)	(251,423)	(3,185,013)
GENERAL REVENUES							
Real property tax and related tax items					6,436,422	-	6,436,422
Non-property taxes					1,006,194	-	1,006,194
Other general revenue items					441,241	-	441,241
Use of money and property					164,176	45,035	209,211
State aid and mortgage taxes not restricted to specific purposes					29,393	-	29,393
Total general revenues					8,077,426	45,035	8,122,461
TRANSFERS							
					55,475	(55,475)	-
Changes in net position					5,199,311	(261,863)	4,937,448
NET POSITION, beginning of year, as previously stated					(16,620,740)	8,621,771	(7,998,969)
Prior-period adjustment, correction of misstatements					27,215,539	-	27,215,539
NET POSITION, beginning of year, as restated					10,594,799	8,621,771	19,216,570
NET POSITION, end of year					\$ 15,794,110	\$ 8,359,908	\$ 24,154,018

See accompanying Notes to Financial Statements.

Village of Ilion, New York

Fund Financial Statements Balance Sheet - Governmental Funds

May 31, 2025

	Major Funds				
	General	Water	Capital Projects	Other Governmental	Total
ASSETS					
Cash and cash equivalents	\$ 3,117,120	\$ 731,096	\$ 388,446	\$ 381,937	\$ 4,618,599
Cash and cash equivalents, restricted	10,221	23,297	551,962	2,710	588,190
Investments	-	-	-	67,083	67,083
Accounts receivable	95,072	351,253	500	-	446,825
Due from other governments	865,609	4,471	732	-	870,812
Due from other funds	141,769	93,394	-	-	235,163
Prepaid expenditures	5,462	1,973	-	-	7,435
Total assets	\$ 4,235,253	\$ 1,205,484	\$ 941,640	\$ 451,730	\$ 6,834,107
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 51,793	\$ 18,605	\$ 133,835	\$ 4,879	\$ 209,112
BAN payable	-	-	3,195,000	-	3,195,000
Due to other governments	147,149	9,905	-	3,649	160,703
Due to other funds	93,394	312	141,195	93	234,994
Deferred revenue	203,428	-	-	-	203,428
Other liabilities	71,092	13,354	-	4,388	88,834
Total liabilities	566,856	42,176	3,470,030	13,009	4,092,071
Fund balances					
Nonspendable	5,462	1,973	-	-	7,435
Restricted	10,221	23,297	-	2,710	36,228
Assigned	325,124	1,138,038	-	436,011	1,899,173
Unassigned	3,327,590	-	(2,528,390)	-	799,200
Total fund balances	3,668,397	1,163,308	(2,528,390)	438,721	2,742,036
Total liabilities and fund balances	\$ 4,235,253	\$ 1,205,484	\$ 941,640	\$ 451,730	\$ 6,834,107

See accompanying Notes to Financial Statements.

Village of Ilion, New York

Fund Financial Statements Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

	<u>May 31, 2025</u>
Total fund balances in the fund financial statements for the governmental funds	\$ 2,742,036
This amount differs from the amount of net position shown in the statement of net position due to the following:	
Capital assets are included as assets in the government-wide statements and are added, net of accumulated depreciation.	48,044,180
Deferred outflows and inflows for pensions are included in the government-wide statements and are added:	
Deferred outflows - pension resources	2,372,658
Deferred inflows - pension resources	(594,197)
Some liabilities (listed below) are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(25,928,627)
Installment loans payable	(58,293)
EFC loans payable	(5,492,797)
Net pension liability	(4,322,393)
Compensated absences	(886,872)
Accrued interest	(56,504)
Landfill post-closure liability	(25,081)
	<hr/>
Total net position, end of year	<u>\$ 15,794,110</u>

Village of Ilion, New York

Fund Financial Statements Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

Year Ended May 31, 2025

	Major Funds				
	General	Water	Capital Projects	Other Governmental	Total
REVENUES					
Real property taxes	\$ 5,006,496	\$ -	\$ -	\$ 326,876	\$ 5,333,372
Real property tax items	642,295	460,755	-	-	1,103,050
Non-property taxes	1,006,194	-	-	-	1,006,194
Departmental revenues	1,103,507	1,700,443	-	5,149	2,809,099
Intergovernmental charges	-	-	-	9,734	9,734
Use of money and property	118,278	6,895	18,179	940	144,292
Licenses and permits	11,842	-	-	-	11,842
Fines and forfeitures	53,043	-	-	-	53,043
Sale of property and compensation for loss	75,791	-	-	174	75,965
Miscellaneous local sources	90,229	62,506	25,698	20,566	198,999
Interfund revenues	80,800	-	-	-	80,800
State aid	796,389	-	388,246	2,830	1,187,465
Federal aid	144,442	-	-	-	144,442
Total revenues	9,129,306	2,230,599	432,123	366,269	12,158,297
EXPENDITURES					
General government support	723,326	188,080	690,384	-	1,601,790
Public safety	3,312,261	-	1,642,588	-	4,954,849
Health	344,829	-	-	-	344,829
Transportation	622,893	-	-	-	622,893
Culture and recreation	183,818	-	-	280,597	464,415
Home and community services	460,252	806,184	2,290,156	-	3,556,592
Employee benefits	2,142,653	285,763	-	80,651	2,509,067
Debt service					
Principal	590,892	634,283	7,018,500	-	8,243,675
Interest	49,237	139,121	122,708	-	311,066
Total expenditures	8,430,161	2,053,431	11,764,336	361,248	22,609,176
Excess (deficiency) of revenues over expenditures	699,145	177,168	(11,332,213)	5,021	(10,450,879)
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of debt	-	-	19,606,375	-	19,606,375
Premium on BAN issuance	-	-	19,884	-	19,884
BANs redeemed from appropriations	-	-	38,972	-	38,972
Operating transfers in	101,926	-	-	1,230	103,156
Operating transfers out	(1,230)	-	-	(46,451)	(47,681)
Total other financing sources (uses)	100,696	-	19,665,231	(45,221)	19,720,706
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	799,841	177,168	8,333,018	(40,200)	9,269,827
FUND BALANCES, beginning of year	2,868,556	986,140	(10,861,408)	478,921	(6,527,791)
FUND BALANCES, end of year	\$ 3,668,397	\$ 1,163,308	\$ (2,528,390)	\$ 438,721	\$ 2,742,036

See accompanying Notes to Financial Statements.

Village of Ilion, New York

Fund Financial Statements Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities

		Year Ended May 31, 2025
Net change in fund balances shown for total governmental funds	\$	9,269,827
<p>This amount differs from the change in net position shown in the statement of activities because of the following:</p>		
<p>Capital outlays for the acquisition of capital assets are recorded in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is capitalized over their estimated useful lives and reported as depreciation expense. This is the amount by which expenditures for the acquisition of capital assets exceeded depreciation expense for the period:</p>		
Capital expenditures		7,664,681
Disposition of capital assets		(187,761)
<p>Revenues in the statement of activities that do not provide for current financial resources are reported as deferred inflows of resources in the governmental funds.</p>		
		(3,456)
<p>Net pension liabilities and related deferred outflows and inflows of resources are not reported in the governmental funds. These liabilities and the corresponding deferred amounts are reported as a noncurrent liability and deferred resources in the statement of net position and as an expense in the statement of activities.</p>		
		(123,891)
<p>Debt issuances, premiums, and repayments are shown as revenues and expenditures in the governmental funds. However, bond, loan, and installment purchase issuances and repayments are shown in the statement of net position as an increase or decrease of the related liabilities. Debt premiums are recorded as liabilities and amortized over the life of the debt into interest expense.</p>		
Debt issuance	(19,606,375)	
Debt repayments	8,204,703	
	(11,401,672)	(11,401,672)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds; this is the amount by which the current-period expenditures exceed the costs allocated over the applicable periods:</p>		
Accrued interest	42,820	
Compensated absences	(61,237)	
	(18,417)	(18,417)
Change in net position of governmental activities shown in the statement of activities	\$	5,199,311

See accompanying Notes to Financial Statements.

Village of Ilion, New York

Fund Financial Statements Statement of Net Position - Enterprise Fund

	May 31, 2025
	Electric Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 3,655,739
Cash and cash equivalents, restricted	1,153,806
Accounts receivable, net	377,907
Inventory	214,423
Prepaid expenses	19,429
Total current assets	5,421,304
Non-current assets	
Capital assets	
Non-depreciable	44,718
Depreciable, net	3,791,189
Total non-current assets	3,835,907
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	126,514
	\$ 9,383,725
LIABILITIES	
Current liabilities	
Accounts payable	\$ 178,104
Due to other funds	169
Customer deposits	83,503
Compensated absences	20,700
Other current liabilities	143,651
Current portion of bonds payable	11,526
Total current liabilities	437,653
Non-current liabilities	
Net pension liability	339,270
Compensated absences	186,069
Bonds payable, less current portion	34,580
Total non-current liabilities	559,919
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	26,245
NET POSITION	
Net investment in capital assets	3,789,801
Restricted	1,070,303
Unrestricted	3,499,804
Total net position	8,359,908
	\$ 9,383,725

See accompanying Notes to Financial Statements.

Village of Ilion, New York

Fund Financial Statements Statement of Revenues, Expenditures, and Changes in Net Position - Enterprise Fund

	<u>Year Ended</u> <u>May 31, 2025</u> <u>Electric Fund</u>
OPERATING REVENUES	
Charges for services	\$ 4,720,886
OPERATING EXPENSES	
Electricity purchased	2,892,930
Distribution	335,944
Repairs and maintenance	145,746
Consumer accounting and collecting	196,274
Street lighting	54,138
Salaries, employee benefits, and related	553,585
General administration	192,079
Bad debt	355,360
Depreciation	246,253
Total operating expenses	<u>4,972,309</u>
Operating loss	(251,423)
NONOPERATING REVENUES (EXPENSES)	
Other revenue	4,452
Other expense	(510)
Interest income	46,575
Interest expense	(5,482)
Total nonoperating revenues	<u>45,035</u>
Income before other financing uses	(206,388)
OTHER FINANCING USES	
Transfer to General Fund - PILOT	<u>(55,475)</u>
Change in net position	(261,863)
NET POSITION, <i>beginning of year</i>	<u>8,621,771</u>
NET POSITION, <i>end of year</i>	<u>\$ 8,359,908</u>

See accompanying Notes to Financial Statements.

Village of Ilion, New York
Fund Financial Statements
Statement of Cash Flows - Enterprise Fund

	Year Ended
	May 31, 2025
	Electric Fund
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Cash received from customers	\$ 4,491,194
Cash paid to suppliers and other vendors	(3,327,926)
Cash paid for salaries and employee benefits	(981,692)
	181,576
NET CASH PROVIDED BY INVESTING ACTIVITIES	
Interest received	46,575
	46,575
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase/construction of utility plant	(252,129)
Proceeds and cost of removal on disposition of utility plant	23,582
Payments on bonds payable	(11,526)
Interest expense	(8,364)
	(248,437)
NET CASH PROVIDED (USED) BY NON-CAPITAL AND RELATED FINANCING ACTIVITIES	
Miscellaneous revenue received	4,452
Miscellaneous expenditures	(510)
Transfer to General Fund	(55,475)
	(51,533)
Net decrease in cash and cash equivalents	(71,819)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	4,881,364
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 4,809,545
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating loss	\$ (251,423)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities	
Depreciation expense	326,752
Bad debts	355,360
(Increase) decrease in	
Accounts receivable	(232,705)
Inventory	(6,083)
Prepaid expenses	(3,579)
Deferred outflows of resources	90,213
Increase (decrease) in	
Accounts payable and accrued expenses	11,673
Due to other funds	(12)
Customer deposits	3,013
Compensated absences	15,859
Net pension liability	33,274
Deferred inflows of resources	(160,766)
	\$ 181,576

See accompanying Notes to Financial Statements.

Village of Ilion, New York

Notes to Financial Statements
May 31, 2025

Note 1. Organization and Summary of Significant Accounting Policies

The Village of Ilion, New York (Village) was established in 1852 and is governed by a charter, general laws of the State of New York, and various local laws and ordinances. The Board of Trustees is the legislative body responsible for the overall operation of the Village and is composed of the Mayor and four Trustees. The Mayor serves as chief executive officer, and the Village Treasurer serves as chief fiscal officer.

The Village provides police protection, fire protection, emergency medical services (EMS), street maintenance and reconstruction, snow removal, code enforcement, parks and recreation, sanitary and storm sewer maintenance, library services, electricity, water and general and administrative services to the residents of the Village.

All governmental activities and functions performed by the Village are the direct responsibility of the Board of Trustees. These responsibilities include, but are not limited to, financial independence, the selection of governing authority, the designation of management, and the ability to significantly influence operations and accountability for fiscal matters. Under these criteria, the Board of Trustees created the Village of Ilion Municipal Utilities Board to manage the operations of the Village's Electric and Water Departments. The Village of Ilion Municipal Utilities Board is not an independent body but a subsidiary body acting for, and at the pleasure of, the Board of Trustees.

a. Financial Reporting Entity

The financial reporting entity consists of: (a) the primary government, which is the Village of Ilion, New York; (b) organizations for which the primary government is financially accountable; and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In evaluating how to define the Village for financial reporting purposes, management has considered all potential component units. 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 (U.S. GAAP).

Based on the application of these criteria, the Village has no component units that should be included in the reporting entity.

b. Basis of Presentation

The accompanying basic financial statements of the Village have been prepared in conformity with U.S. GAAP, except as described below. Such principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting board for establishing accounting and financial reporting practices in the United States of America.

The following departures from U.S. GAAP impact the Village's governmental activities, business-type activity, and enterprise fund financial statements:

- Management has not maintained accounting records to support the completeness and accuracy of governmental activities infrastructure capital asset balances.
- Management has not calculated depreciation on governmental activities capital assets since the year ended May 31, 2020.
- Management has not estimated its other postemployment benefit costs and obligations.

Village of Ilion, New York

Notes to Financial Statements
May 31, 2025

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

b. Basis of Presentation (Continued)

U.S. GAAP requires the capitalization of governmental activities infrastructure assets and the depreciation of governmental activities capital assets, and the estimation of other postemployment benefit costs and obligations. The amounts by which these departures would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, and expenses of the governmental activities, the business-type activity, and the enterprise fund have not been determined.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Village. The effect of interfund activity within the governmental activities and business-type activity has been eliminated from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from the business-type activity, which relies to a significant extent on fees and charges for support.

The statement of net position presents the financial position of the Village at the end of its fiscal year. The statement of activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been allocated and are reported as direct program expenses of individual functions and programs. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; grants and contributions that are restricted to meeting the operational requirements of a particular function or segment; and capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Taxes and other items not included as program revenues are reported as general revenues, as required.

Separate statements are provided for governmental funds and the enterprise fund.

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenue in the year they are earned. Grants, entitlements, and donations are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or collected within 12 months of the end of the current fiscal period. Receivables not expected to be collected within the next 12 months are offset by deferred inflows of resources. Expenditures and related liabilities are generally recorded in the accounting period the liability is incurred to the extent that it is expected to be paid within the next 12 months, with the exception of items covered by GASB Interpretation 6 (GASB 6), *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. GASB 6 requires that expenditures and liabilities, such as debt service, compensated absences, and claims and judgments, be recorded in the governmental fund statements only when they mature or become due for payment within the period. Expenditure-driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met. Non-exchange grants and subsidies are recognized as expenditures when all requirements of the grant and/or subsidy have been satisfied.

Village of Ilion, New York

Notes to Financial Statements
May 31, 2025

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The Village reports the following major governmental funds:

- General Fund: Represents the principal fund and includes all operations not required to be recorded in other Village funds.
- Water Fund: Used to account for the Village's water operations.
- Capital Projects Fund: Used to account for financial resources to be used for the acquisition or construction of general capital assets, including any indebtedness associated with these general capital assets. Financing is generally provided from proceeds of bonds, notes, and/or federal and state grants.

The Village's non-major governmental funds are combined and reported as other governmental funds in the financial statements. These funds are as follows:

- Community Development Fund: A special revenue fund used to account for a development loan program managed under guidelines of the U.S. Department of Housing and Urban Development.
- Library Fund: Used to account for the operations of the Village of Ilion Public Library.
- Permanent Fund: Used to report resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the programs for the benefit of the government or its citizenry. The Permanent Fund of the Village represents a \$2,500 principal donation and related earnings that are to be used for improvements or betterments of Russell Park.

The governmental fund financial statements include a reconciliation between the fund financial statements and the government-wide financial statements. Differences that make a reconciliation necessary include differing measurement focuses and bases of accounting between the statements.

The statement of activities reflects the net costs of each major function of Village operations, which differs from the presentation of expenditures in the statement of revenues, expenditures, and changes in fund balances - governmental funds, which closely matches the Village's budgetary presentation.

The following is the Village's enterprise fund:

- Electric Fund: Self-supporting through charges to customers in the Village's franchise area based on electric usage. The Electric Fund is subject to regulation by the New York State Department of Public Service (PSC) with respect to wholesale power purchased, rate structure, accounting, and other matters.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with an enterprise fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and the depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Village of Ilion, New York

Notes to Financial Statements
May 31, 2025

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

e. *Estimates*

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources; the disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues, expenses/expenditures, and other financing sources (uses) during the reporting period. Actual results could differ from those estimates.

f. *Budgets*

Budgets are adopted on the modified accrual basis as required by the State of New York. Annual appropriated budgets are adopted for the General Fund, the Library Fund and the Water Fund.

The Village employs the following budgetary procedures:

1. No later than March 20, the budget officer submits a tentative budget to the Village Clerk for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for all operating funds for the Village.
2. After a public hearing is conducted to obtain taxpayer comments, but no later than May 1, the Village adopts the preliminary budget.
3. All revisions that alter appropriations of any department or fund must be approved by the Board of Trustees.

Appropriations are adopted at the program line item level. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year and any appropriated reserve funds. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the fiscal year-end. Supplemental appropriations may occur, subject to legal restrictions, if the Board of Trustees approves them because of an existing need that was not determined at the time the budget was adopted.

Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplemental appropriations were necessary; however, there were still four activity levels that exceeded budgeted appropriations, and total actual expenditures exceeded budgeted appropriations at year-end.

4. Budgetary appropriations are established for individual capital projects through resolutions authorizing the corresponding Capital Projects Funds to be established, which remain in effect for the life of the project.

g. *Cash/Cash Equivalents and Investments*

Cash and cash equivalents consist of cash and time deposits, which mature no more than three months after the date purchased.

The Village's investment policies are governed by New York State statutes and various resolutions of the Board of Trustees. Village monies must be maintained in demand accounts or certificates of deposit in a Federal Deposit Insurance Corporation (FDIC) insured commercial bank or trust company authorized to do business in New York State. Other permissible investments include obligations of the U.S. Treasury, U.S. agencies, and New York State or its localities.

Village of Ilion, New York

Notes to Financial Statements
May 31, 2025

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

g. Cash/Cash Equivalents and Investments (Continued)

The Village is required to collateralize its cash deposits in excess of the FDIC limit. This collateral is in the form of government and government agencies' securities pledged by the bank under a third-party trust agreement. As of May 31, 2025, the collateral was sufficient to secure the Village's deposits.

Restricted cash and cash equivalents are reserved for the use and purposes of the Board of Trustees as follows:

General Fund:

- Capital Reserve: The Village has established a reserve under General Municipal Law for the replacement of equipment. The balance in the Capital Reserve was \$10,221 at May 31, 2025.

Water Fund:

- Capital Reserve: The Village has established a capital reserve under General Municipal Law for the replacement of water equipment. The balance in the Capital Reserve was \$11,671 at May 31, 2025.
- Miscellaneous Reserve: The Village has established a reserve under General Municipal Law for future retirement payouts related to Water Department employees. The balance in the Miscellaneous Reserve was \$11,626 at May 31, 2025.

Capital Projects Fund:

- Cash Held With Fiscal Agent: Cash related to certain Environmental Facilities Corporation (EFC) projects is held with EFC. This amount totaled \$551,962 at May 31, 2025.

Permanent Fund:

- Russell Park Endowment: The Village received a \$2,500 endowment for the maintenance of Russell Park. The principal of \$2,500 may not be used, and any earnings must be used for the upkeep of the park as discussed in Note 1d. Restricted cash balances under this endowment totaled \$2,710 at May 31, 2025.

Electric Fund:

- Depreciation Reserve: The Electric Fund reserves current operating funds to pay for the future replacement of the utility plant per PSC regulations. The balance in the Depreciation Reserve was \$865,021 at May 31, 2025.
- Customer Deposits: The Electric Fund requires deposits from its customers prior to providing service. Unused deposits are returned to customers when service is terminated. The balance of Customer Deposits was \$83,503 at May 31, 2025.
- Retirement Benefits Reserve: The Electric Fund has established a reserve under General Municipal Law to help finance compensated absences that may be due to future retirees. The balance in the Retirement Benefits Reserve was \$196,503 at May 31, 2025.

Village of Ilion, New York

Notes to Financial Statements
May 31, 2025

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

g. Cash/Cash Equivalents and Investments (Continued)

Investments: Investments are recorded at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants on the measurement date .

The Village had an investment in an FDIC-insured certificate of deposit with a fair value of \$67,083 at May 31, 2025. To mitigate interest rate risk, the Village plans to hold its investments until maturity, which is November 2026.

h. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due to/from other funds" on the balance sheet - governmental funds and statement of net position - enterprise fund.

i. Accounts Receivable and Due From State and Federal Governments

Accounts receivable and due from state and federal governments are carried at the original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts, if any, by identifying troubled accounts and using historical experience applied to an aging of accounts. Approximately 42% of outstanding accounts receivable in the Electric Fund were from one industrial class customer. Amounts outstanding totaled \$318,753 at year-end and include monthly invoices from May 2024 to May 2025. The customer has disposed of the property that consumed electric services and discontinued contact with the Village. While the Village continues to pursue collection, given the uncertainty, a reserve has been established in full. No other customer exceeds 10% of total Electric Fund accounts receivable. The allowance for doubtful accounts within the Electric Fund was \$345,828 at May 31, 2025. No allowance was deemed necessary within the other funds.

Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. Interest is charged on accounts receivable that are outstanding for more than 30 days and is recognized as it is charged. Interest continues to accrue while an account remains active. Once service is terminated, interest charges are suspended.

Amounts due from state and federal governments in the General Fund consist of reimbursement-based transportation grants from the State of New York.

j. Inventory

As prescribed by the PSC, Electric Fund inventory is valued at the lower of cost or market, with cost determined using an average cost method. Inventory materials recovered and returned to stock in construction, maintenance, or the retirement of operating property are valued at current replacement prices. Inventory consists of components, parts, and tools held for consumption. The Village periodically reviews its inventory for impairment or obsolescence to determine whether any events or circumstances indicate that the carrying value of the assets may not be recoverable. No impairment or obsolescence was identified during the year ended May 31, 2025.

Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

Village of Ilion, New York

Notes to Financial Statements
May 31, 2025

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

k. *Prepaid Expenses*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both the governmental fund and enterprise fund financial statements.

l. *Capital Assets, Net*

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the operating property.

Management periodically reviews long-lived assets for impairment to determine whether any events or circumstances indicate that the carrying value of the assets may not be recoverable. No impairment was identified during 2025.

Governmental activities: Capital assets in governmental activities consist of land, buildings, equipment, vehicles, and infrastructure and are used to carry out day-to-day government services. As described in Note 1b, management of the Village has not maintained accounting records to support the completeness and accuracy of governmental activities infrastructure capital asset balances and no longer calculates depreciation on governmental activities capital assets effective May 31, 2020.

Electric Fund: Under the provisions of the *Uniform System of Accounts for Municipal Electric Utilities*, operating property is recorded at cost, including capitalized labor and overhead. Overhead costs include fringe benefits, warehouse, and truck costs. Operating property constructed with capital fees received from customers or other parties is included in utility plant. There were no capital fees received from outside parties during the year ended May 31, 2025. When operating property is retired, the book cost, together with the cost of removal, is charged to accumulated depreciation. The provision for depreciation has been computed, based on asset groups, under the straight-line method utilizing rates varying from 2.0% to 10.0% per annum and is within the range recommended by the PSC.

m. *Landfill Closure and Post-Closure Costs*

The Village, the Town of German Flatts, and the Village of Mohawk jointly operated and underwrote the expenses of the German Flatts, Ilion, Mohawk Joint Garbage, Metal, and Refuse Disposal System (GFIM Landfill). During 1995, the GFIM Landfill was closed, and the Village entered into an agreement with the Town of German Flatts and the Village of Mohawk to share future post-closure costs. The Village's responsibility is 62.5% of the anticipated post-closure costs.

The Village's responsibility and liability for monitoring the landfill will continue for 30 years from the date the landfill was closed. The post-closure costs have been estimated at approximately \$25,000 annually as of May 31, 2025 but are subject to change due to items such as inflation, changes in technology, changes in regulations, or a truncated monitoring period. As of May 31, 2025, under consent from the New York State Department of Environmental Conservation, the landfill continues to require post-closure monitoring. A timeline to discontinue post-closure monitoring has not been determined.

n. *Compensated Absences*

Village employees are granted vacation, personal, and sick leave in varying amounts. Upon separation of service, employees are eligible to receive the value of any accumulated leave. The maximum sick leave an employee is able to accumulate varies from 960 to 1,400 hours based on the employee's union agreement or contract. Upon retirement, employees are eligible to receive the value of any unused sick leave.

Village of Ilion, New York

Notes to Financial Statements
May 31, 2025

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

n. Compensated Absences (Continued)

- Accrued compensated absences for governmental activities totaled \$886,872 at May 31, 2025.
- Accrued compensated absences for Electric Fund employees totaled \$206,769 at May 31, 2025.

o. Postemployment Benefits

In addition to providing pension benefits, the Village provides health insurance coverage benefits for certain retired employees. Members of the Water Department who are part of the Teamsters Union, were hired prior to June 1, 2004, are 60 years of age and have 25 years of employment with the Water Department will be provided health insurance coverage. As of May 31, 2025, no current Water Department employees may become eligible.

Members of the International Brotherhood of Electrical Workers who were hired prior to July 22, 2008 are eligible to receive health insurance coverage. As of May 31, 2025, eight Village employees may become eligible for these benefits if they reach the normal retirement age. Healthcare benefits are provided through an insurance company, and premiums are based on benefits paid during the year. The Village recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. These benefits were provided to eight retirees at a cost of approximately \$61,235 for the year ended May 31, 2025. No contribution is required from the retirees.

As described in Note 1b, management has not estimated its other postemployment benefit costs and obligations.

p. Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net assets that applies to a future period and, as such, will not be recognized as an outflow of resources (expense/expenditure) until that time.

Deferred inflows of resources arise when potential revenue does not meet both of the “measurable” and “available” criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the deferred inflows are removed from the statement of net position or balance sheet and revenue is recognized.

Pension-related deferred outflows of resources and deferred inflows of resources are disclosed in Note 6c.

q. Net Pension Liability

The net pension liability represents the Village’s proportionate share of the net pension liability of the New York State and Local Employees’ Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). The Village’s proportionate share is recorded as a non-current liability in the governmental activities, the business-type activity and the enterprise fund.

Village of Ilion, New York

Notes to Financial Statements
May 31, 2025

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

r. Net Position and Fund Balance

Net position is reported as restricted when constraints placed on net position use are either:

1. Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments; or
2. Imposed by law through constitutional provisions or enabling legislation.

The following terms are used in reporting net position:

- Net investment in capital assets: Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted: Consists of monies restricted for various capital purposes, economic development, customer deposits, future debt service, and contractual obligations, as outlined in Note 1g.
- Unrestricted: Consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that is not included in the determination of net investment in capital assets or restricted components of net position described above.

Fund balances for governmental funds are reported in classifications that compose a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The five fund balance classifications are as follows:

- Nonspendable: Amounts that cannot be spent because they are either: (a) not in spendable form; or (b) legally or contractually required to be maintained intact.
- Restricted: Amounts that have restraints that are either: (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action, such as legislation, resolution, or ordinance by the government's highest level of decision-making authority. There were no committed fund balances at May 31, 2025.
- Assigned: Amounts that are constrained only by the government's intent to be used for a specified purpose but are not restricted or committed in any manner.
- Unassigned: The residual amount in the General Fund after all of the other classifications have been established. In a special revenue fund, if expenditures and other financing uses exceed the amounts restricted, committed, or assigned for those purposes, then a negative unassigned fund balance will occur.

The Village's fund balance policy is set by the Board of Trustees, the highest level of decision-making authority. The Board of Trustees considers "formal action" for a committed fund balance to be the passing of a Board resolution. The Board of Trustees has delegated the ability to assign fund balance to the Treasurer. The Village considers fund balance spent in the order of restricted, committed, assigned, and unassigned.

Note 4 provides further details regarding the Village's fund balance classifications.

Village of Ilion, New York

Notes to Financial Statements May 31, 2025

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

s. Property Taxes

Property taxes attach an enforceable lien on property as of June 1. Taxes are levied on June 1 and are payable by June 30. The Village bills and collects its own property taxes through October 31, at which time any unpaid property taxes are relieved to the County of Herkimer (County) property taxes. On or around April 1, the County pays the Village the full amount of unpaid taxes plus interest and penalties.

t. Restatement

The financial statements of the governmental activities as of and for the year ended May 31, 2024 have been restated to correct misstatements. The corrections included an overstatement of grant revenue and a corresponding understatement of bonds payable, and an understatement of capital assets for infrastructure and construction in progress. The effects of these prior-year errors on opening balances are presented below:

	As Originally Stated	Revenue Overstatement	Capital Asset Understatement	As Restated
Capital grants and contributions - Home and Community Services	\$ 4,786,105	\$ (497,612)	\$ -	\$ 4,288,493
Bonds payable	12,450,427	497,612	-	12,948,039
Capital assets - non-depreciable	423,434	-	27,349,674	27,773,108
Capital assets - depreciable	12,430,675	-	363,477	12,794,152
Net position	(16,620,740)	(497,612)	27,713,151	10,594,799

u. Subsequent Events

The Village has evaluated subsequent events for potential recognition or disclosure through December 9, 2025, the date the financial statements were available to be issued.

Note 2. Capital Assets, Net

The following is a summary of changes in the governmental activities capital assets during the year:

	Balance at June 1, 2024 (originally stated)	Restatements	Balance at June 1, 2024 (as restated)	Additions	Disposals	Balance at May 31, 2025
Depreciable						
Buildings	\$ 926,767	\$ -	\$ 926,767	\$ 149,607	\$ -	\$ 1,076,374
Vehicles	3,741,182	-	3,741,182	65,769	-	3,806,951
Equipment	1,910,367	-	1,910,367	1,623,327	(187,761)	3,345,933
Infrastructure	9,447,344	363,477	9,810,821	27,335,227	-	37,146,048
Total depreciable	16,025,660	363,477	16,389,137	29,173,930	(187,761)	45,375,306
Accumulated depreciation	(3,594,985)	-	(3,594,985)	-	-	(3,594,985)
Total depreciable, net	(3,594,985)	-	(3,594,985)	29,173,930	(187,761)	41,780,321
Non-depreciable						
Construction in progress	-	27,349,674	27,349,674	5,825,978	(27,335,227)	5,840,425
Land	423,434	-	423,434	-	-	423,434
Total non-depreciable, net	423,434	27,349,674	27,773,108	5,825,978	(27,335,227)	6,263,859
Capital assets, net	\$ 12,854,109	\$ 27,713,151	\$ 40,567,260	\$ 29,173,930	\$ (187,761)	\$ 48,044,180

Village of Ilion, New York

Notes to Financial Statements
May 31, 2025

Note 2. Capital Assets, Net (Continued)

A summary of the changes in the Electric Fund's utility plant during the year is as follows:

	Balance at June 1, 2024	Additions	Disposals	Balance at May 31, 2025
Depreciable				
Buildings	\$ 833,874	\$ -	\$ -	\$ 833,874
Substation and distribution equipment	7,634,455	240,401	(35,764)	7,839,092
Other equipment	1,841,674	11,727	(24,884)	1,828,517
Total depreciable	10,310,003	252,128	(60,648)	10,501,483
Accumulated depreciation	(6,420,608)	(326,752)	37,066	(6,710,294)
Total depreciable, net	3,889,395	(74,624)	(23,582)	3,791,189
Non-depreciable				
Land	44,718	-	-	44,718
Total net utility plant	<u>\$ 3,934,113</u>	<u>\$ (74,624)</u>	<u>\$ (23,582)</u>	<u>\$ 3,835,907</u>

Depreciation expense for the Electric Fund was \$246,253 for the year ended May 31, 2025. Depreciation charges on transportation and shop equipment have been allocated to the various expenses or operating property accounts via the Electric Fund's work order system, as prescribed by the *Uniform System of Accounts for Municipal Electric Utilities*. These depreciation charges totaled \$80,499 for the year ended May 31, 2025. Depreciation expense and charges for the year ended May 31, 2025 represented approximately 9% of the plant in service at May 31, 2025. In accordance with the *Uniform System of Accounts for Municipal Electric Utilities*, net costs associated with the removal of retired property, salvage, and proceeds upon the disposition of fixed assets have been recorded with accumulated depreciation. These net costs totaled \$23,583.

Village of Ilion, New York

Notes to Financial Statements May 31, 2025

Note 3. Long-Term Liabilities and Bond Anticipation Notes (BAN)

The following table summarizes changes in the Village's long-term liabilities:

	Balance at June 1, 2024 (as restated)	Additions	Decreases/ Payments	Balance at May 31, 2025	Amounts Due Within One Year
Non-current governmental liabilities					
Long-term debt					
Bonds payable	\$ 12,948,039	\$ 14,113,578	\$ 1,132,990	\$ 25,928,627	\$ 1,161,170
Installment loans payable	111,506	-	53,213	58,293	28,441
EFC loans payable	7,018,500	5,492,797	7,018,500	5,492,797	-
Compensated absences	825,635	61,237	-	886,872	88,700
Net pension liability	3,039,657	2,084,256	801,520	4,322,393	-
Landfill post-closure liability (Note 1m)	25,081	-	-	25,081	-
Total non-current governmental liabilities	\$ 23,968,418	\$ 21,751,868	\$ 9,006,223	\$ 36,714,063	\$ 1,278,311
Electric Fund long-term liabilities					
Bonds payable	\$ 57,632	-	\$ 11,526	\$ 46,106	\$ 11,526
Net pension liability	305,996	219,999	186,725	339,270	-
Compensated absences	190,910	15,859	-	206,769	20,700
	\$ 554,538	\$ 235,858	\$ 198,251	\$ 592,145	\$ 32,226

A summary of the Village's indebtedness is as follows:

Description	Issue Date	Maturity Date	Interest Rate	Balance at May 31, 2024
Bonds payable				
General Fund				
2012 Workers' Compensation Settlement Serial Bond	12/21/2012	12/15/2025	1.75%-3.00%	\$ 110,000
2020 Statutory Installment Bond	2/14/2020	2/14/2027	3.00%	45,000
2020 General Obligation Bond	11/1/2020	11/1/2028	1.25%-2.00%	330,000
2021 Statutory Installment Bond	7/10/2020	7/10/2025	2.30%	9,000
2021 Statutory Installment Bond	11/4/2020	11/4/2027	2.25%	55,919
2022 Statutory Installment Bond	7/22/2021	7/22/2026	2.50%	18,000
2023 Statutory Installment Bond	1/4/2023	1/4/2030	4.75%	98,322
2023 Statutory Installment Bond	4/20/2023	4/20/2030	5.09%	121,428
2024 Statutory Installment Bond	6/28/2023	6/28/2028	5.25%	66,991
2024 Statutory Installment Bond	5/29/2024	5/29/2029	5.00%	143,688
2024 Statutory Installment Bond	3/21/2024	1/26/2054	0.00%	6,638,401
2025 Statutory Installment Bond	7/11/2024	7/10/2054	0.00%	6,573,330
2025 Statutory Installment Bond	4/28/2025	4/28/2030	4.50%	34,180
2025 Statutory Installment Bond	12/5/2024	12/5/2054	0.00%	7,500,368
Water Fund				
2016 USDR Serial Bond	8/27/2015	7/15/2051	2.13%	4,184,000
Total bonds payable				\$ 25,928,627
Electric Fund				
2024 Statutory Installment Bond	5/29/2024	5/29/2029	5.00%	\$ 46,106

Statutory installment bonds, other than those issued through EFC, are generally secured by the underlying equipment with which they were used to acquire.

Village of Ilion, New York

Notes to Financial Statements May 31, 2025

Note 3. Long-Term Liabilities and Bond Anticipation Notes (BAN) (Continued)

Description	Issue Date	Maturity Date	Interest Rate	Balance at May 31, 2024
Installment loans payable				
General Fund				
2011 Fire Protection Vehicle Installment Purchase	7/21/2011	8/15/2026	4.96%	<u>\$ 58,293</u>
EFC loans payable				
Water Fund				
2024 Water Distribution System Improvements	Various	5/10/2028	0%, 3.41%	<u>\$ 5,492,797</u>

A summary of aggregate minimum annual maturities of bonds and loans payable within the governmental activities is as follows:

	Bonds		Installment Loans		Total
	Principal	Interest	Principal	Interest	
Year ending May 31,					
2026	\$ 1,161,170	\$ 121,600	\$ 28,441	\$ 2,891	\$ 1,314,102
2027	1,008,988	108,756	29,852	1,481	1,149,077
2028	987,918	99,548	-	-	1,087,466
2029	970,850	91,113	-	-	1,061,963
2030	919,181	83,032	-	-	1,002,213
2031-2035	4,403,150	351,736	-	-	4,754,886
2036-2040	4,328,150	269,441	-	-	4,597,591
2041-2045	4,395,150	185,429	-	-	4,580,579
2046-2050	4,499,150	92,331	-	-	4,591,481
2051-2054	3,254,920	22,585	-	-	3,277,505
	<u>\$ 25,928,627</u>	<u>\$ 1,425,571</u>	<u>\$ 58,293</u>	<u>\$ 4,372</u>	<u>\$ 27,416,863</u>

Interest expense incurred and paid on the above indebtedness was \$134,151 for the year ended May 31, 2025.

During July 2024, the Village issued a statutory installment bond through EFC for \$6,800,000 at 0% interest. Principal payments of \$226,670 are due annually beginning in May 2025 through May 2054.

During April 2025, the Village issued a statutory installment bond for \$52,182 to finance the purchase of a vehicle. An additional principal payment of \$18,000 was made in May 2025. Principal payments of \$10,436 are due annually beginning in April 2026 through April 2030. Interest payments are due annually at 4.5%.

During December 2024, the Village issued a statutory installment bond through EFC for \$7,759,008 at 0% interest. Principal payments of \$258,640 are due annually beginning in March 2025 through March 2054.

Village of Ilion, New York

Notes to Financial Statements
May 31, 2025

Note 3. Long-Term Liabilities and Bond Anticipation Notes (BAN) (Continued)

A summary of aggregate minimum annual maturities of bonds and loans payable within the business-type activities is as follows:

Year ending May 31,	Bonds	
	Principal	Interest
2026	\$ 11,526	\$ 2,305
2027	11,526	1,729
2028	11,527	1,153
2029	11,527	576
	\$ 46,106	\$ 5,763

a. EFC Loans Payable

During June 2024, the Village entered into a reimbursement-based loan agreement with EFC for up to \$13,693,581, which includes \$4,564,527 of interest-free loans and \$9,129,054 of loans at the market rate when issued, to help finance the cost of improvements to the water treatment plant. As of May 31, 2025, the Village has received \$5,492,797 in total loan distributions from EFC. The loan matures on May 10, 2028, at which point it is expected to be refinanced on a long-term basis.

b. BAN Payable

During July 2024, the Village issued a BAN of \$1,211,127 for various capital projects at an interest rate of 4.5%. The BAN matured in May 2025. During May 2025, the Village issued a BAN of \$3,195,000 to renew the outstanding BAN of \$1,211,127 and finance the purchase of a fire ladder truck and construction costs associated with a firehouse addition. The BAN matures in May 2026 at an interest rate of 4.5%.

Village of Ilion, New York

Notes to Financial Statements
May 31, 2025

Note 4. Fund Balances

Fund balances are as follows at May 31, 2025:

	General	Library	Water	Capital Projects	Permanent
Nonspendable					
Prepaid expenses	\$ 5,462	\$ -	\$ 1,973	\$ -	\$ -
Restricted for					
Capital reserve	10,221	-	-	-	-
Employee benefits	-	-	23,297	-	-
Reserve for Russell Park	-	-	-	-	210
Principal of an endowment	-	-	-	-	2,500
	<u>10,221</u>	<u>-</u>	<u>23,297</u>	<u>-</u>	<u>2,710</u>
Assigned for					
Appropriated for ensuing year's budget	325,124	-	-	-	-
Special revenue purposes	-	436,011	1,138,038	-	-
	<u>325,124</u>	<u>436,011</u>	<u>1,138,038</u>	<u>-</u>	<u>-</u>
Unassigned	<u>3,327,590</u>	<u>-</u>	<u>-</u>	<u>(2,528,390)</u>	<u>-</u>
Total fund balances	<u>\$ 3,668,397</u>	<u>\$ 436,011</u>	<u>\$ 1,163,308</u>	<u>\$ (2,528,390)</u>	<u>\$ 2,710</u>

Note 5. Interfund Transactions

a. Due to/From Other Funds

A summary of interfund amounts due to/from other funds is as follows:

	Due From Other Funds		
	General Fund	Water Fund	Total
General Fund	\$ -	\$ 93,394	\$ 93,394
Water Fund	312	-	312
Capital Projects Fund	141,195	-	141,195
Non-major funds	93	-	93
Electric Fund	169	-	169
Total	<u>\$ 141,769</u>	<u>\$ 93,394</u>	<u>\$ 235,163</u>

Village of Ilion, New York

Notes to Financial Statements
May 31, 2025

Note 5. Interfund Transactions (Continued)

b. Interfund Transfers In/Out

A summary of interfund transfers is as follows:

	Transfer Out			Total
	General Fund	Community Development Fund	Electric Fund	
Transfers In				
General Fund	\$ -	\$ 46,451	\$ 55,475	\$ 101,926
Library Fund	1,230	-	-	1,230
Total transfers out	\$ 1,230	\$ 46,451	\$ 55,475	\$ 103,156

Note 6. Retirement Systems

a. Plan Description and Benefits Provided

The Village participates in ERS and PFRS, which are collectively referred to as the New York State and Local Retirement System (System). The System is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System.

The Comptroller adopts and may amend rules and regulations for the administration and transaction of the business of the System for the custody and control of its funds. The System issues publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

b. Funding Policy

The System is noncontributory, except for: (1) employees who joined ERS after July 26, 1976 and contribute 3% of their salary for the first 10 years of membership; and (2) employees who joined ERS after January 1, 2010, and police and fire personnel who joined PFRS after January 9, 2010, and contribute 3% of their salary for their entire career. Under the authority of the NYSRSSL, the Comptroller certifies annually the rates expressed as proportions of payroll of members, which are used in computing the contributions.

The required contributions for the current year and the two preceding years were as follows:

	ERS	PFRS
Year ended May 31,		
2025	\$ 268,659	\$ 626,892
2024	217,778	543,863
2023	179,821	590,547

The Village made 100% of its required contributions for the current year and the two preceding years.

Village of Ilion, New York

Notes to Financial Statements
May 31, 2025

Note 6. Retirement Systems (Continued)

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

At May 31, 2025, the Village reported a net pension liability of \$630,073 and \$3,692,320 for its proportionate share of the ERS and PFRS net pension liability, respectively, resulting in an overall net pension liability of \$4,322,393 in its governmental activities. The Village reported a net pension liability of \$339,270 for its proportionate share of the ERS net pension liability in its business-type activity. The net pension liability was measured as of March 31, 2025, and the total pension liability was determined by an actuarial valuation as of April 1, 2024. The Village's proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to the System's total actuarially determined employer contribution for the fiscal year ended on the measurement date. At the March 31, 2025 measurement date, the Village's proportionate share was 0.0056536% and 0.0607603% for ERS and PFRS, respectively.

For the year ended May 31, 2025, the Village recognized pension expense of \$917,734 in the governmental activities and \$64,428 in the enterprise fund. At May 31, 2025, the Village reported deferred outflows of resources and deferred inflows of resources for its governmental activities and business-type activity as follows:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,386,251	\$ 7,377
Changes in assumptions	580,868	-
Net differences between projected and actual investment earnings on pension plan investments	191,355	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	214,184	586,820
Total	\$ 2,372,658	\$ 594,197
	Business-Type Activity	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 84,209	\$ 3,972
Changes in assumptions	14,228	-
Net differences between projected and actual investment earnings on pension plan investments	26,618	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,459	22,273
Total	\$ 126,514	\$ 26,245

Village of Ilion, New York

Notes to Financial Statements
May 31, 2025

Note 6. Retirement Systems (Continued)

c. Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions (Continued)

Amounts recognized as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized as follows:

	Governmental Activities	Business-Type Activity
Year ending May 31,		
2026	\$ 958,245	\$ 49,681
2027	634,454	80,283
2028	(107,975)	(32,081)
2029	181,092	2,386
2030	112,645	-
	\$ 1,778,461	\$ 100,269
Total		

d. Actuarial Assumptions

The total pension liability at May 31, 2025 was determined using an actuarial valuation as of April 1, 2024, with updated procedures used to roll forward the total pension liability to March 31, 2025. Significant actuarial assumptions used in the valuation were as follows:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.9%
Salary Scale	
ERS	4.3%, indexed by service
PFRS	6.0%, indexed by service
Investment Rate of Return, Including Inflation	5.9% compounded annually, net of expenses
Cost-of-Living Adjustments	1.5%, annually
Decrement	Developed from the Plan's 2020 experience study of the period April 1, 2015 through March 31, 2020
Mortality Improvement	Society of Actuaries' Scale MP-2021

The long-term expected rate of return on the System's plan investments was determined in accordance with Actuarial Standard of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major class as well as historical investment data and plan performance.

Village of Ilion, New York

Notes to Financial Statements
May 31, 2025

Note 6. Retirement Systems (Continued)

e. Investment Asset Allocation

The long-term rate of return on pension plan investments was determined using a 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 each target asset allocation percentage and adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2025 are summarized below:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	25.0%	3.54%
International equity	14.0%	6.57%
Private equity	15.0%	7.25%
Real estate	12.0%	4.95%
Opportunistic/absolute return strategies	3.0%	5.25%
Credit	4.0%	5.40%
Real assets	4.0%	5.55%
Fixed income	22.0%	2.00%
Cash	1.0%	0.25%
	100.0%	

f. Discount Rate

The discount rate projection of cash flows assumes that contributions from members will be made at the current member contribution rates and contributions from employers will be made at statutorily required rates, actuarially determined. Based on those 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.

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

The following presents the Village's proportionate share of the net pension liability, calculated using the discount rate of 5.9%, as well as the impact of using a discount rate that is one percentage point higher or one percentage point lower than the current rate:

	ERS		
	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Village's proportionate share of the net pension liability (asset)	\$ 2,805,400	\$ 969,343	\$ (563,766)

Village of Ilion, New York

Notes to Financial Statements
May 31, 2025

Note 6. Retirement Systems (Continued)

g. Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption (Continued)

	PFRS		
	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Village's proportionate share of the net pension liability	<u>\$ 7,785,414</u>	<u>\$ 3,692,320</u>	<u>\$ 314,060</u>

h. Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the System as of March 31, 2025 were as follows (dollars in thousands):

	ERS	PFRS	Total
Employers' total pension liability	\$ 247,600,239	\$ 48,718,477	\$ 296,318,716
Plan fiduciary net position	<u>(230,454,512)</u>	<u>(42,641,620)</u>	<u>(273,096,132)</u>
Employers' net pension liability	<u>\$ 17,145,727</u>	<u>\$ 6,076,857</u>	<u>\$ 23,222,584</u>
Ratio of plan net position to the employers' total pension liability	<u>93.08%</u>	<u>87.53%</u>	<u>92.16%</u>

Note 7. Commitments, Contingencies, Risks, and Uncertainties

a. Grant Programs

The Village participates in a number of 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, that the amount of disallowances resulting from these audits, if any, would not be significant to the Village's financial position or results of operations.

b. Litigation

The Village is involved in certain suits and claims arising from a variety of sources. It is the opinion of counsel and management that the liabilities that may arise from such actions would be covered by the Village's insurance carrier or would not result in losses that would materially affect the Village's financial position or results of operations.

Village of Ilion, New York

Notes to Financial Statements
May 31, 2025

Note 7. Commitments, Contingencies, Risks, and Uncertainties (Continued)

c. Power Supply and Transmission Contracts

Electric power distributed by the Electric Fund is obtained from the New York Power Authority (NYPA) under a supply contract that expires during 2026. The Electric Fund is entitled to 16,147 kilowatts of firm hydro-electric power and associated energy. Demand, incremental energy, and transmission charges under this contract are subject to the change and approval of regulatory authorities. There are no minimum-capacity or other fixed-charge components to this contract. Electric purchases under this contract totaled \$887,429 for the year ended May 31, 2025.

The Electric Fund purchases power in excess of that supplied by NYPA from the New York Municipal Power Agency, a not-for-profit joint action organization. Electric purchases under this agreement totaled \$1,026,107 for the year ended May 31, 2025.

In addition, the Electric Fund maintains an agreement with National Grid for the transmission of electricity to its substation. Transmission costs related to this agreement totaled \$921,856 for the year ended May 31, 2025.

d. Risks and Uncertainties

The Electric Fund is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include prices on the wholesale markets for short-term power transactions; water conditions, weather, and natural disaster disruptions; collective bargaining labor disputes; and governmental regulation.

e. Environmental Risks

Certain facilities are subject to federal, state, and local regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the Village expect such compliance to have, any material effect upon the capital expenditures or financial condition of the Village. The Village believes that its current practices and procedures for the control and disposition of regulated waste comply with applicable federal, state, and local requirements.

Note 8. Fair Value Measurements

The framework for measuring fair value includes a fair value hierarchy that priorities the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3).

The following three levels of inputs may be used to measure fair value:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Village has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset; and
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

Village of Ilion, New York

Notes to Financial Statements
May 31, 2025

Note 8. Fair Value Measurements (Continued)

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3: Inputs to the valuation methodology are unobservable inputs and significant to their fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The investment held by the Library Fund at May 31, 2025 consists of a certificate of deposit, which is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks. This is a Level 2 investment.

Note 9. Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. If a government determines that criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The requirements of this statement are effective for fiscal years beginning after June 15, 2024 and all reporting periods thereafter.

GASB Statement No. 103, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model, including a reiteration of the Management's Discussion and Analysis requirements, description and presentation requirements for unusual or infrequent items, definitions of non-operating revenues and expenses, major component unit presentation requirements, and the requirement that budgetary comparison information be presented as required supplementary information versus a statement. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. It also establishes disclosure requirements for capital assets held for sale, including disclosures relating to debt for which the capital assets held for sale are pledged as collateral. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

Management has not estimated the extent of the potential impact of these statements on the Village's financial statements.

Village of Ilion, New York

Required Supplementary Information Schedule of Proportionate Share of the Net Pension Liability/Asset

	2025	2024	2023	2022	2021	2020	2019	2018	2017
ERS									
Village's proportion of the net pension liability (asset)	0.0056536%	0.0057728%	0.0061440%	0.0065383%	0.0063592%	0.0063567%	0.0060424%	0.0061666%	0.0057703%
Village's proportionate share of the net pension liability (asset)	\$ 969,343	\$ 849,989	\$ 1,317,512	\$ (534,479)	\$ 6,332	\$ 1,683,297	\$ 428,125	\$ 199,024	\$ 542,190
Village's covered-employee payroll	\$ 1,907,830	\$ 1,923,587	\$ 1,792,167	\$ 1,688,698	\$ 1,945,097	\$ 1,847,538	\$ 1,879,818	\$ 1,760,649	\$ 1,786,600
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	50.81%	44.19%	73.52%	-31.65%	0.33%	91.11%	22.77%	11.30%	30.35%
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%
PFRS									
Village's proportion of the net pension liability	0.0607603%	0.0526198%	0.0654480%	0.0670266%	0.0658333%	0.0619950%	0.0661304%	0.0651550%	0.0677506%
Village's proportionate share of the net pension liability	\$ 3,692,320	\$ 2,495,664	\$ 3,606,495	\$ 380,741	\$ 1,143,049	\$ 3,313,596	\$ 1,109,048	\$ 658,559	\$ 1,404,234
Village's covered-employee payroll	\$ 2,444,658	\$ 1,132,028	\$ 2,061,467	\$ 2,298,597	\$ 2,414,255	\$ 2,291,898	\$ 2,175,200	\$ 2,214,446	\$ 2,230,054
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	151.04%	220.46%	174.95%	16.56%	47.35%	144.58%	50.99%	29.74%	62.97%
Plan fiduciary net position as a percentage of the total pension liability	87.53%	89.72%	87.43%	98.66%	95.79%	84.86%	95.09%	96.93%	93.50%
Significant Assumptions									
The following is a summary of changes in assumptions									
Inflation	2.90%	2.90%	2.90%	2.70%	2.70%	2.50%	2.50%	2.50%	2.50%
Salary increases - ERS	4.30%	4.40%	4.40%	4.40%	4.40%	3.80%	4.20%	3.80%	3.80%
Salary increases - PFRS	6.00%	6.20%	6.20%	6.20%	6.20%	4.50%	5.00%	4.50%	4.50%
Cost-of-living adjustments	1.50%	1.50%	1.40%	1.40%	1.40%	1.30%	1.30%	1.30%	1.30%
Investment rate of return	5.90%	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%
Discount rate	5.90%	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2021	MP-2020	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Village of Ilion, New York

Required Supplementary Information Schedule of Employer Contributions

	2025	2024	2023	2022	2021	2020	2019	2018	2017
ERS									
Contractually required contribution	\$ 268,659	\$ 217,778	\$ 179,821	\$ 253,585	\$ 243,389	\$ 250,561	\$ 247,675	\$ 251,009	\$ 268,259
Contributions in relation to the contractually required contribution	\$ 268,659	\$ 217,778	\$ 179,821	\$ 253,585	\$ 243,389	\$ 250,561	\$ 247,675	\$ 251,009	\$ 268,259
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered-employee payroll	\$ 1,907,830	\$ 1,923,587	\$ 1,792,167	\$ 1,688,698	\$ 1,945,097	\$ 1,847,538	\$ 1,879,818	\$ 1,760,649	\$ 1,786,600
Contributions as a percentage of covered-employee payroll	14.08%	11.32%	10.03%	15.02%	12.51%	13.56%	13.18%	14.26%	15.02%
PFRS									
Contractually required contribution	\$ 626,892	\$ 543,863	\$ 590,547	\$ 606,468	\$ 544,136	\$ 495,839	\$ 515,992	\$ 529,470	\$ 526,838
Contributions in relation to the contractually required contribution	\$ 626,892	\$ 543,863	\$ 590,547	\$ 606,468	\$ 544,136	\$ 495,839	\$ 515,992	\$ 529,470	\$ 526,838
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered-employee payroll	\$ 2,444,658	\$ 1,132,028	\$ 2,016,467	\$ 2,298,597	\$ 2,414,255	\$ 2,291,898	\$ 2,175,200	\$ 2,214,446	\$ 2,230,054
Contributions as a percentage of covered-employee payroll	25.64%	48.04%	29.29%	26.38%	22.54%	21.63%	23.72%	23.91%	23.62%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Village of Ilion, New York

Supplementary Information Combining Balance Sheet - Other Governmental Funds

	May 31, 2025		
	Other Governmental Funds		
	Library	Permanent	Total
ASSETS			
Cash and cash equivalents	\$ 381,937	\$ -	\$ 381,937
Cash and cash equivalents, restricted	-	2,710	2,710
Investment	67,083	-	67,083
	\$ 449,020	\$ 2,710	\$ 451,730
LIABILITIES			
Accounts payable	\$ 4,879	\$ -	\$ 4,879
Due to other governments	3,649	-	3,649
Due to other funds	93	-	93
Other liabilities	4,388	-	4,388
Total liabilities	13,009	-	13,009
FUND BALANCES			
Restricted	-	2,710	2,710
Assigned	436,011	-	436,011
Total fund balances	436,011	2,710	438,721
Total liabilities and fund balances	\$ 449,020	\$ 2,710	\$ 451,730

Village of Ilion, New York

Supplementary Information Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Other Governmental Funds

	Year Ended May 31, 2025			
	Other Governmental Funds			
	Community Development	Library	Permanent	Total
REVENUES				
Real property taxes	\$ -	\$ 326,876	\$ -	\$ 326,876
Departmental revenues	-	5,149	-	5,149
Intergovernmental charges	-	9,734	-	9,734
Use of money and property	150	790	-	940
Sale of property and compensation for loss	-	174	-	174
Miscellaneous local sources	-	20,566	-	20,566
State aid	-	2,830	-	2,830
Total revenues	150	366,119	-	366,269
EXPENDITURES				
Culture and recreation	-	280,597	-	280,597
Employee benefits	-	80,651	-	80,651
Total expenditures	-	361,248	-	361,248
Excess of revenues over expenditures	150	4,871	-	5,021
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	-	1,230	-	1,230
Interfund transfers out	(46,451)	-	-	(46,451)
Total other financing sources (uses)	(46,451)	1,230	-	(45,221)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(46,301)	6,101	-	(40,200)
FUND BALANCES, beginning of year	46,301	429,910	2,710	478,921
FUND BALANCES, end of year	\$ -	\$ 436,011	\$ 2,710	\$ 438,721



**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**

Independent Auditor's Report

Mayor and Board of Trustees
Village of Ilion, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Village of Ilion, New York (Village), as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated December 9, 2025. Our report includes unmodified opinions on each major fund other than the enterprise fund; an unmodified opinion on the aggregate remaining fund information; and adverse opinions on the governmental activities, the business-type activity, and the enterprise fund because management of the Village has not maintained accounting records to support the completeness and accuracy of governmental activities infrastructure capital asset balances, has not calculated depreciation on governmental activities capital assets, and has not estimated its other postemployment benefit costs and obligations.

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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a material weakness.

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*.

The Village's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the finding identified in our audit and described on the accompanying schedule of findings and responses. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

BST+Co.CPAs, LLP

Latham, New York
December 9, 2025



Village of Ilion, New York

Schedule of Findings and Responses Year Ended May 31, 2025

2025-001: Government-Wide Financial Reporting

Criteria: Accounting principles generally accepted in the United States of America (U.S. GAAP), as prescribed by the Governmental Accounting Standards Board, require the capitalization and depreciation of capital assets and the estimation of other postemployment benefit (OPEB) costs and obligations in the government-wide financial statements.

Condition and cause: Management of the Village of Ilion, New York (Village) does not have processes and controls in place to ensure the complete and accurate reporting of certain general infrastructure capital asset balances and has not calculated depreciation on governmental activities capital assets since the year ended May 31, 2020. In addition, the Village has not engaged an external actuary to assist with the preparation of an OPEB accounting estimate.

Effect or potential effect: Adverse opinions have been issued on the governmental activities, business-type activity, and enterprise fund opinion units due to the purported inaccuracies of certain general infrastructure capital asset balances, the omission of depreciation on governmental activities capital assets since the year ended May 31, 2020, and the omission of an OPEB accounting estimate. In addition, the schedule of funding progress - OPEB has been omitted from the required supplementary information.

Recommendation: Management of the Village should develop processes and controls to ensure the complete and accurate reporting of capital asset balances, including the recording of depreciation. In addition, management of the Village should engage a qualified actuary to assist with the valuation of OPEB costs and obligations.

Views of responsible officials: The Village has determined the costs associated with complying with U.S. GAAP capital assets and OPEB reporting requirements outweigh the corresponding benefits. Accordingly, management of the Village has no current plans to address this deficiency.