PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 9, 2026

NEW AND RENEWAL ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Barclay Damon LLP, Albany, New York, under existing law, interest on the Notes is excluded from the gross income of the owners thereof for federal income tax purposes and is not a "item of tax preference" for purposes of the alternative minimum tax imposed by the Internal Revenue Code of 1986, as amended (the "Code"), however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The City, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance thereof. In the opinion of Bond Counsel interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including the City of New York). "TAX MATTERS" herein.

The City will designate the Notes as "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3) of the Code.

CITY OF WATERVLIET
ALBANY COUNTY, NEW YORK
(the "City")

$8,040,000 BOND ANTICIPATION NOTES, 2026
(the "Notes")

Dated Date: November 24, 2026 Maturity Date: November 24, 2027

Prior Redemption: The Notes will not be subject to redemption prior to their maturity.

Security and Sources of Payment: The Notes will constitute general obligations of the City and will contain a pledge of its faith and credit for the punctual payment of the principal of and interest on the Notes, and all the taxable real property within the City will be subject to the levy of ad valorem taxes, for such purpose, subject to applicable statutory limitations. See "Tax Levy Limitation Law" herein.

At the option of the purchaser(s), the Notes may either be registered to the purchaser(s) or registered in the name of Cede & Co., as nominee for the Depository Trust Company, New York, New York ("DTC") as book-entry notes. Note certificates shall bear a single rate of interest and shall be in a denomination equal to the aggregate principal amount awarded to such purchaser at such interest rate.

Form and Denomination: The Notes to be registered to the purchaser(s) will be issued as single note certificate for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. The Notes to be issued in book-entry form will be issued as registered notes, and, when issued, will be registered in the name of Cede & Co. as nominee, which will act as the securities depository for the Notes. Individual purchases of the Notes to be issued in book-entry form may be made only in book-entry form in denominations of $5,000 or integral multiples thereof. Noteholders will not receive certificates representing their ownership interest in the Notes to be issued in book-entry form purchased. See "Book-Entry System" herein.

Payment: Payment of the principal and interest on the Notes to be issued in book-entry form will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in "street name." Payment will be the responsibility of the DTC Participant or Indirect Participant and not of DTC or the City, subject to any statutory and regulatory requirements as may be in effect from time to time. See "Book-Entry System" herein. Payment of the principal of and interest on the Notes issued in the form registered to the purchaser(s) will be payable at the office of the Director of Finance of the City of Watervliet, New York.

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on November 17, 2026 at the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of an approving legal opinion as to the validity of the Notes of Barclay Damon LLP, Bond Counsel, of Albany, New York. It is anticipated that the Notes will be available for delivery in Jersey City, New Jersey or such other place as may be agreed upon with the purchaser(s) on or about November 24, 2026.

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

CITY OF WATERVLIET
ALBANY COUNTY, NEW YORK

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Anthony J. Ferrandino, Councilman

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* * *

BOND COUNSEL

BARCLAY DAMON LLP

Barclay Damon LLP
Albany, New York

* * *

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

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OFFICIAL STATEMENT

Relating to

CITY OF WATERVLIET
ALBANY COUNTY, NEW YORK

$8,040,000 BOND ANTICIPATION NOTES, 2026

This Official Statement, including the cover page and appendices thereto, has been prepared by the City of Watervliet, Albany County, New York (the "City") and presents certain information relating to the City's $8,040,000 Bond Anticipation Notes, 2026 (the "Notes"). All quotations from and summaries and explanations of provisions of the Constitution and laws of the State of New York (the "State") and acts and proceedings of the City contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

THE NOTES

Description of the Notes

The Notes will be dated November 24, 2026 and will mature, without right of redemption prior to maturity, on November 24, 2027, with interest payable at maturity.

At the option of the purchaser(s), the Notes may be either registered to the purchaser(s) or registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes.

For those Notes registered to the purchaser(s), a single note certificate will be delivered to the purchaser(s), for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in lawful money of the United States of America (Federal Funds) at the office of the Director of Finance of the City of Watervliet, New York.

For those Notes issued as book-entry notes registered to Cede & Co., DTC will act as securities depository for the Notes and owners will not receive certificates representing their respective interests in the Notes. Individual purchases of such registered Notes may be made in denominations of $5,000 or integral multiples thereof. Principal of and interest on said Notes will be paid in Federal Funds by the City to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. See "Book-Entry System" herein.

The City will act as Paying Agent for the Notes. The City's contact information is as follows: Timothy Colaneri, Finance Department Account Clerk, City of Watervliet, 2 Fifteenth Street, Watervliet, New York 12189, Phone (518) 270-3800 x 118, and email: tcolaneri@watervlietny.gov.

Optional Redemption of the Notes

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

Authorization and Purpose of the Notes of the Notes

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Local Finance Law and various bond ordinances adopted by the Common Council of said City. The projects that will be financed are as follows:

Date of Authorization	Supplemental Authorization	Purpose	Amount Outstanding	Amount to be Paid	Total Amount to be Issued
07/18/2019	11/5/2020	Bike Path	$1,010,000	$95,000	$ 915,000
05/07/2020	---	Lead Line Replacement	525,000	15,000	510,000
08/15/2024	---	Replacement of Fuel Tanks	300,000	20,000	280,000
01/25/2024	---	Conversion, Street Lights to LED	775,000	40,000	735,000
03/05/2026	---	Pool Facility	-0-	-0-	4,500,000
03/02/2023	---	Firetruck	-0-	-0-	800,000
07/18/2019	---	Nornanskill Hydro Project	-0-	-0-	300,000
		Totals:	$2,610,000	$170,000	$8,040,000

DISCLOSURE UNDERTAKING OF THE NOTES

This Official Statement is in a form "deemed final" by the City for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). At the time of the delivery of the Notes, the City will provide an executed copy of its "Material Event Notices Certificate" (the "Undertaking"). Said Undertaking will constitute a written agreement or contract of the City for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto, timely notice not in excess of ten (10) business days after the of the occurrence of any of the following events with respect to the Notes:

(i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (vii) modifications to rights of Noteholders, if material; (viii) Note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the City; note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the City, 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 City; (xiii) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; (xv) incurrence of a financial obligation (as defined in the Rule) of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect noteholders, if material; and (xvi) default, event of acceleration, termination event, modification of terms, or

other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.Event (iii) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (iii) is not applicable, since no "debt services reserves" will be established for the Notes.

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

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

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

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

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

The City reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that, any such amendment or modification is done in a manner consistent with Rule 15c2-12 as then in effect.

On October 30, 2025 the City filed a material event notice that the City has failed to file its audited financial statements for the fiscal year ended December 31, 2023 within a timely manner as required by its continuing disclosure agreement entered into in connection with certain bond issues of the City. On January 9, 2026, the City filed a material event notice that the City has failed to file its audited financial statements for the fiscal year ended December 31, 2024 within a timely manner as required by its continuing disclosure agreement entered into in connection with certain bond issues of the City. Subsequently, on July 2, 2026, the City filed a material event notice that the City has failed to file its audited financial statements for the fiscal year ended December 31, 2025 within a timely manner as required by its continuing disclosure agreement entered into in connection with certain bond issues of the City.

On October 30, 2025 the City filed a material event notice that on August 19, 2025 the City had its rating withdrawn by Moody's Investor Services due to lack of sufficient information.

BOOK-ENTRY SYSTEM

In the event that the Notes are issued in registered book-entry form, DTC will act as securities depository for the Notes and the Notes will be issued as fully-registered Notes registered in the name of Cede & Co., (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among

Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need or physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each 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 Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

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

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

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

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

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

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

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

Source: The Depository Trust Company

Nature of Obligation

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

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

The Notes will be general obligations of the City and will contain a pledge of the faith and credit of the City 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 City has power and statutory authorization to levy ad valorem taxes on all real property within the City subject to such taxation by the City, subject to applicable statutory limitations. See "Tax Levy Limitation Law, herein.

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 City is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the City'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.

Tax Levy Limitation Law

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

The Tax Levy Limitations 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. Each municipality, prior to adoption of each fiscal year budget, must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

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

While the Tax Levy Limitation Law may constrict an issuer's power to levy real property taxes for the payment of debt service on debt contracted after the effective date of said Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer's pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit and 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.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision

Each Note when duly issued and paid for will constitute a contract between the City and the holder thereof. Under current law, provision is made for contract creditors of the City 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 City upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

Execution/Attachment of Municipal Property

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

Authority to File For Municipal Bankruptcy

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

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

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

The rights of the owners of Notes to receive interest and principal from the City could be adversely affected by the restructuring of the City'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 City (including the Notes) to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the City 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 City 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 enacted at the 1975 Extraordinary Session of the State legislature, as described below, 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 City.

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 City is presently not working with the FRB and does not reasonably anticipate doing so in the foreseeable future. School districts and fire districts are not eligible for FRB assistance.

Constitutional Non-Appropriation Provision

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

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

Default Litigation

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to ensure 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 City indebtedness is past due. The City has never defaulted in the payment of the principal of and interest on any indebtedness.

CITY OF WATERVLIET

Description

The City, which encompasses an area of about 1.4 square miles and has a population of 10,287 according to the 2024 U.S. Census, is located in the eastern portion of Albany County, about 4 miles north of the City of Albany. The City is primarily residential with some commercial and industrial development. Residences consist primarily of single family homes, with some garden apartments; commercial activity is concentrated in the central business district of the City.

The City has its own water and sanitary sewer systems as well as its own police and fire departments. The City Water System has a 450 acre impoundment containing 1.5 billion gallons of water and a productive capacity of 10 to 12 million gallons per day of which approximately 7 million gallons is used. The impoundment, approximately 15 miles from the City, is set within a 690 acre parcel, four miles west of the City of Albany and five miles south of the City of Schenectady. The parcel is situated in the Town of Guilderland, which buys water from the City on a long term contract with contractual increases annually.

The City is the site of the Watervliet Arsenal, which has been continuously manufacturing large caliber artillery pieces since the early nineteenth century. It is administered by the United States Army Material Command, which manufactures substantially all of the heavy conventional artillery required by the military, and employs approximately 650 civilians. The Arsenal is in the midst of a $41.7 million expansion project which is expected to produce an additional 200 jobs. Also located in the City is Saint-Gobain Inc., a leader in abrasives, which is in the process of hiring 50 new employees. Several small businesses have moved into the City over the past year and many existing businesses have expanded. Residents find employment in the City or commute to State offices in Albany or other occupations in the Capital District area.

Traffic is facilitated by the New York State Thruway. Other major highways serving the City are the Adirondack Northway (U.S. Interstate 87), U.S. Interstate 787 and New York State Routes 155, 7, 2, and 32. The Albany International Airport, located nearby in the Town of Colonie, provides passenger and freight service and accommodates both general aviation and military services. Northeast rail travel is also provided by Amtrak.

Opportunities for higher education located nearby include the State University at Albany, SUNY Poly, the Sage College at Albany (including Albany College of Pharmacy), Maria College, Albany Law School, and Albany Medical College. Located nearby are Siena University in the Town of Colonie, Union College in Schenectady and Rensselaer Polytechnic Institute and Russell Sage College in Troy.

Governmental Organization

The City adopted the Council-Manager Plan in 1921 and is governed by a three-member Council - a Mayor and two councilpersons. Each member, including the Mayor, is elected for a four-year term by a city-wide vote. The terms are staggered such that the terms of no more than two members expire together. The Council appoints a General Manager, who is responsible for the day-to-day operations in all departments of the City including the police, fire, water and public works departments. The City Manager also has a statutory requirement to produce the City budget each year. The Mayor presides at Council meetings and ceremonial occasions and provides the Council leadership on policy decisions. A Director of Finance, appointed by the General Manager, is responsible for the administration of the City's financial affairs. The Director of Finance also acts as the City Treasurer. The Watervliet City School District, which is almost coterminous with the City, is independently governed.

The Director of Finance is the chief fiscal officer of the City. The duties of the Director of Finance include, among other things, administration and general supervision of all accounting and bookkeeping functions and departmental operations.

Employees

The City provides services through approximately 94 employees. Some of such employees are represented by organized labor as follows:

Employee Organization	Term of Contract	Est. No. of Members
IAFF, Local 590 (Firefighters)	12/31/2027	24
Watervliet PBA (Police) [a]	12/31/2026	25
CSEA [a]	12/31/2026	16

Source: City Officials.
a. Currently under negotiation

DEMOGRAPHIC AND STATISTICAL INFORMATION

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

Year	City of Watervliet	County of Albany	State of New York
2000	10,207	294,565	18,976,457
2010	10,313	304,032	19,229,752
2020	9,976	306,165	19,514,849
2024	10,287	317,018	19,867,248

Source: U.S. Bureau of the Census.

Per Capita Income

	Per Capita Money Income			
	2000	2010	2020	2024
City of Watervliet	$18,294	$22,469	$30,363	$33,740
County of Albany	23,345	30,863	38,592	48,210
State of New York	23,389	30,791	40,898	50,717

Median Family Income

	Median Household Income			
	2000	2010	2020	2024
City of Watervliet	$38,735	$41,375	$46,345	$57,919
County of Albany	42,935	56,090	68,327	85,333
State of New York	43,393	55,603	71,117	85,974

Source: U.S. Department of Commerce, Bureau of the Census.
a. Based on American Community Survey 1-Year Estimate (2020-2024)

Unemployment Rate Statistics

Unemployment statistics are not available for the City as such. The smallest areas for which such statistics are available (which includes the City) is the County of Albany. The information set forth below with respect to such County and the Albany, Schenectady, Troy (SMSA) 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 the Albany, Schenectady, Troy (SMSA) is necessarily representative of the City or vice versa.

Annual Averages:	Albany Schenectady Troy (SMSA)	Albany County (%)	New York State (%)
2021	4.3%	4.4%	6.9%
2022	2.9	2.9	4.4
2023	3.1	3.1	4.2
2024	3.4	3.5	4.3
2025	3.4	3.4	4.2
2026 (YTD)	3.7	3.7	4.5

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE CITY

Constitutional Requirements

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

Purpose and Pledge. The City shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

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

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

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

Statutory Procedure

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

Pursuant to the Local Finance Law, the City authorizes the incurrence of indebtedness by the adoption of a bond ordinance approved by at least two-thirds of the members of the Common Council, the finance board of the City. Certain such resolutions may be subject to permissive referendum, or may be submitted to the City voters at the discretion of the Common Council.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. Except on rare occasions, the City complies with this estoppel procedure. The City is in compliance with such requirements with respect to the other bond ordinances authorizing the issuance of the Notes.

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 and notes subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

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

In addition, under each bond resolution, the Common Council may delegate, and has delegated, power to issue and sell bonds, to the Deputy Finance Director, the chief fiscal officer of the City.

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

Debt Limit. The City has the power to contract indebtedness for any City purpose so long as the principal amount thereof shall not exceed seven per centum of the average full valuation of taxable real estate of the City 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 and statutory method for determining the full valuation is by dividing the assessed valuation of taxable real estate by the respective equalization rates assigned to each assessment roll. Such equalization rates are the ratios which each of such assessed valuations bear to the respective full valuation of such year, as assigned by the Office of Real Property Tax Services. The State Legislature is required to prescribe the manner by which such ratios shall be determined. Average full valuation is determined by adding the full valuations for the most recently completed assessment roll and the four immediately preceding assessments rolls and dividing the resulting sum of such addition by five.

There is no constitutional limitation on the amount that may be raised by the City by tax on real estate in any fiscal year to pay principal and interest on all indebtedness. However, the Tax Levy Limitation Law, imposes a statutory limitation on the power of the City to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in the Tax Levy Limitation Law. See "Nature of Obligation" and "Tax Levy Limitation Law," herein.

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of November 9, 2026)

Fiscal Year Ending December 31:	Assessed Valuation	State Equalization Rate (%)	Full Valuation
2022	$391,151,648	87.00%	$449,599,595
2023	392,054,467	80.00	490,068,084
2024	393,278,113	69.50	565,867,788
2025	393,397,808	65.29	602,539,145
2026	393,397,808	58.82	668,816,403

Total Five Year Full Valuation	$2,776,891,015
Average Five Year Full Valuation	555,378,203
Debt Limit - 7% of Average Full Valuation	38,876,474
Inclusions: [(a)]	
Outstanding Bonds	5,143,117
Bond Anticipation Notes	2,610,000
Total Inclusions	7,753,117
Exclusions:	
Water Bonds	2,589,560
Water Notes	525,000
Appropriations for Bonds	-0-
Appropriations for Notes	170,000
Total Exclusions	3,284,560
Total Net Indebtedness	4,468,557
Net Debt Contracting Margin	$34,407,917
Per Cent of Debt Contracting Margin Exhausted	14.49%

(a) Excluded short term debt issued through the Environmental Facilities Corporation. See "New York State Environmental Facilities Corporation Grant," herein.

Debt Service Requirements - Outstanding Bonds

Fiscal Year Ending December 31:	Principal	Interest	Total
2026	$ 526,554	$ 146,113	$ 672,667
2027	541,741	132,263	674,004
2028	561,930	115,690	677,620
2029	342,124	102,099	444,223
2030	352,326	94,006	446,332
2031	362,532	85,670	448,202
2032	367,742	77,087	444,829
2033	377,958	68,382	446,340
2034	388,182	59,423	447,605
2035	398,414	50,210	448,624
2036	408,666	40,572	449,238
2037	253,934	30,517	284,451
2038	259,216	24,502	283,718
2039	264,514	18,222	282,736
2040	14,824	11,672	26,496
2041	15,150	11,093	26,243
2042	15,496	10,480	25,976
2043	15,856	9,835	25,691
2044	16,234	9,160	25,394
2045	16,624	8,459	25,083
2046	17,030	7,732	24,762
2047	17,458	6,961	24,419
2048	17,896	6,170	24,066
2049	18,346	5,360	23,706
2050	18,808	4,530	23,338
2051	19,280	3,678	22,958
2052	19,772	2,793	22,565
2053	20,274	1,885	22,159
2054	20,790	954	21,744
Totals:	$5,669,671	$1,145,516	$6,815,187

Trend of Outstanding Debt

	Fiscal Year Ending December 31:				
	2021	2022	2023	2024	2025
Outstanding Debt:					
Bonds	$7,740,000	$7,090,000	$6,415,000	$5,730,000	$5,669,671
BANs	2,500,000	1,850,000	1,745,000	2,715,000	2,610,000
RANs	-	-	-	-	-
Sub-Total:	$10,240,000	$8,940,000	$8,160,000	$8,445,000	$8,279,671

Details of Short-Term Indebtedness Outstanding
(As of November 9, 2026)

As of the date of this Official Statement, the City has $2,610,000 in bond anticipation notes outstanding due November 25, 2026, which will be redeemed by the issuance of the Notes and available funds.

Revenue Anticipation Notes

In 2016 and 2017, the City found it necessary to borrow for cash flow purposes in order to meet its obligations. In 2016 the City issued $1,000,000 of Revenue Anticipation Notes and in 2017 the City issued $2,500,000 of Revenue Anticipation Notes. The 2016 and 2017 issuances were partially used to prepay pension obligations for fiscal years 2017 and 2018. Since 2017, the City has not issued notes for cash flow purposes.

New York State Environmental Facilities Corporation Grant

The City entered into short-term financing arrangements with the New York State Environmental Facilities Corporation ("EFC") in the amounts of $4,024,650 in 2022 for improvements to the Water Treatment Plant and $3,375,000 in 2023 for sewer purposes. As of September 22, 2026, the outstanding balances under these financings were $765,761 and $1,706,902, respectively.

In addition to the EFC loan financing, the projects are supported by grant funding totaling approximately $3,000,000 for the Water Treatment Plant project and $2,968,500 for the sewer project, portions of which have been disbursed, with the remaining amounts expected to be available as the projects progress. The projects have advanced toward completion, and the City anticipates converting the applicable short-term financing to long-term financing following substantial completion. The timing and terms of such long-term financing have not yet been determined.

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
Albany County	06/09/26	1.82	$ 3,231,683	$2,704,247
Watervliet City SD	12/12/25	83.98	15,242,370	2,286,356
Totals:			$18,474,053	$4,990,603

Sources: Annual Reports of the respective units for the most recently completed fiscal year or more recently published Official Statements.

Debt Ratios

	Amount	Per Capita [a]	Percentage of Full Value (%) [b]
Total Direct Debt	$7,753,117	$754	1.159
Net Direct Debt	3,284,560	319	0.491
Total Direct & Applicable Total Overlapping Debt	26,227,170	2,550	0.392
Net Direct & Applicable Net Overlapping Debt	8,275,163	804	1.237

a. The current population of the City is 10,287 (2024 US Census).
b. The full valuation of taxable real property in the City for 2026 is $668,816,403.

Authorized But Unissued Debt

The following represents the City's authorized but unissued debt.

Date Authorized	Date Amended	Purpose	Amount Authorized	Authorized But Unissued
05/04/2017[a]		Normanskill Hydro Project	1,000,000	300,000
07/13/2018		Reconstruction of Sewer System	5,000,000	5,000,000
07/18/2019	11/05/2020	Bike Path	2,489,000	410,000
09/05/2019 [b]		Reconstruction of and Improvements of Filter Plant	5,000,000	5,000,000
10/11/2019 [b]	12/02/2021	Reconstruction of and Improvements of Filter Plant	2,024,650	2,024,650
03/02/2023 [a]		City Trucks and Vehicles	1,360,000	1,360,000
03/05/2026 [a]		Pool Facility	4,500,000	4,500,000
11/05/2026		LSLRP Program	518,000	518,000
		Total	$21,891,650	$19,112,650

a. To be financed, fully or in part, in connection with the issuance of the Notes.
b. The City is currently seeking grant funding to offset the large majority of costs associated with the Filter Plant.

FINANCES OF THE CITY

Financial Statements and Accounting Procedures

The City maintains its financial records in accordance with the Uniform System of Accounts for Cities prescribed by the State Comptroller. The financial records of the City are audited by independent accountants. The last such audit made available for public inspection covers the fiscal year ended December 31, 2023. In addition, the financial affairs of the City are subject to periodic compliance review by the Office of the State Comptroller ("OSC") to ascertain whether the City has complied with the requirements of various State and Federal statutes. The City prepares an Annual Financial Report and is filed with the OSC on or before April 30th each year. The AFR for fiscal year ending December 31, 2025 is attached as Appendix B.

The Statements of Revenues, Expenditures and Changes in Fund Equity of the General Fund, and the Special Revenue Fund for the years 2021 to 2025 and the 2026 Budget are presented in Appendix A.

Fund Structure and Accounts

The City utilizes fund accounting to record and report its various service activities. A fund represents both a legal and an accounting entity which segregates the transactions of specific programs in accordance with special regulations, restrictions or limitations.

There are three basic fund types: (1) governmental funds that are used to account for basic services and capital projects; (2) proprietary funds that account for operations of a commercial nature; and, (3) fiduciary funds that account for assets held in a trustee capacity. Account groups, which do not represent funds, are used to record fixed assets and long-term obligations that are not accounted for in a specific fund.

The City maintains the following governmental funds: General Fund, Water Fund, Sewer Fund, Special Grant Fund, Debt Service Fund and Capital Projects Fund. The General Fund is the operating fund of the City and accounts for general tax revenues, miscellaneous receipts not allocated by law or contractual agreement to other funds, general operating expenses, and fixed charges. The Water Fund is used to account for water operations and the Sewer Fund is used to account for sewer operations. The Special Grant Fund is used to account for community development projects. The City of Watervliet Local Development Corporation (LDC) activity is included in the Special Grant fund. The Debt Service Fund is used to account for financial resources which are being accumulated for payment of principal and interest on long-term, indebtedness. The Capital Projects Fund is used to account for moneys used for the acquisition of capital facilities and improvements. The City does not utilize any funds of a proprietary nature. Fiduciary funds consist of the Custodial Fund which is used to account for resources held for the benefit of parties outside the City.

Basis of Accounting

The City maintains its records and reports on the modified accrual basis of accounting for recording transactions in its Governmental Funds. Under this method, (1) revenues are recorded when received in cash except for revenues which are material and susceptible to accrual (measurable and available to finance the year's operations) which are recorded when earned, and (2) expenditures, other than retirement plan contributions, vacation and sick pay and accrued interest on bond anticipation notes and general long-term debt, are recorded at the time liabilities are incurred.

Investment Policy

Pursuant to the statutes of the State of New York and its adopted Investment Policy, the City is permitted to temporarily invest moneys which are not required for immediate expenditures, with the exception of moneys the investment of which is otherwise provided for by law, in the following investments: (1) special time deposit accounts in, or certificates of deposit issued by a bank or trust company located and authorized to do business in the State, provided however, that such time deposit account or certificate of deposit is payable within such time as the proceeds shall be needed to meet the expenditures for which such moneys were obtained and provided further that such time deposit account or certificate of deposit, 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; (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 permission of the State Comptroller, in obligations issued by any municipality or school district or district corporation; (6) obligations of other public corporations whose specific enabling legislation authorizes such investments; (7) certificates at participation issued pursuant to section 109-b of the General Municipal Law; and (8) in the case of moneys held in certain reserve funds established by the City pursuant to law, in obligations of the City. Any investments made by the City pursuant to law are required to be payable or redeemable at the option of the City within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. These statutes also require that the City's investments, unless registered or inscribed in the name of the City, must be purchased through, delivered to and held in custody of a bank or trust company in the State. All such investments held in the custody of a bank or trust company must be held pursuant to a written custodial agreement as that term is defined in the law.

Collateral is required for demand deposit, money market accounts and certificates of deposit not covered by Federal deposit insurance and the eligible securities utilized for such collateral must be held by the depository or by a third party financial institution, pursuant to security and custodial agreements. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities and school districts.

Budgetary Procedures

The City expenditures during each fiscal year are made pursuant to budgets for the City. The General Manager submits the budgets to the City Council by each December 1 for adoption of appropriations and any necessary tax levies after public hearings. The Council has the power to alter items included in the proposed budgets, as submitted, with the exception of estimate of revenues, expenditures for indebtedness, and the payment of judgments submitted by the General Manager. The City Charter requires the Council to levy taxes in an amount sufficient to balance the budget. Operating expenditures may not exceed appropriations during the fiscal year. The Council may, however, authorize additional appropriations during the year, financed by 1) issuance of budget notes (subject to certain legal limitations), or upon recommendation by the General Manager, 2) unappropriated surplus or 3) unanticipated revenues. The City operates on a January 1 to December 31 fiscal year.

Financial Operations

The Director of Finance functions as the chief fiscal officer as provided in Section 2 of the Local Finance Law; in this role, the Director of Finance is responsible for the City's accounting and financial reporting activities. The Director of Finance is also the City's budget officer and must therefore prepare the annual tentative budget for submission to the City Board and is responsible for maintaining budgetary control during the year. Pursuant to Section 30 of the Local Finance Law, the Director of Finance has been authorized to issue or renew certain specific types of notes. As required by law, the Director of Finance must execute an authorizing certificate which then becomes a matter of public record.

The City Council, as a whole, serves as the finance board of the City and is responsible for authorizing, by resolution, all material financial transactions such as operating and capital budgets and bonded debt.

City finances are operated primarily through the General Fund. All real property taxes and a large portion of the other City revenues are credited to this fund. Current operating expenditures are paid from this fund subject to available appropriations. The City also has water and sewer districts, which are accounted for within separate funds. The primary sources of income for these districts comes from water and sewer rents that come due in May and November of each year. Capital projects and equipment purchases are accounted for in special capital projects funds. The City observes a calendar year (January 1 through December 31) for operating and reporting purposes.

Revenues

The City receives most of its revenues from real property taxes and assessments. A summary of such revenues and other financings sources for the last five fiscal years ending with December 31, 2025 may be found in the Statements of Revenues, Expenditures and Changes in Fund Balance in Appendix A hereto.

Real Property Taxes

See "Real Property Tax Information", herein.

State Aid

Based on the unaudited financial report of the City, the City received approximately 15.57% of its total General Fund operating revenue from State aid in 2025. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and has the ability to reduce funding to municipalities and school districts in order to balance its own budget.

If the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the City, may be affected by a delay in the payment of State aid. Additionally, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the City, in this year or future years, the City 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.

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

The following table sets forth the percentage of the City's General Fund revenue comprised of State Aid for each of the fiscal years 2021 through 2025 and as budgeted for 2026.

Fiscal Year Ending December 31:	Total Revenue	State Aid	State Aid to Revenues (%)
2021	$14,076,934	$2,020,137	14.35
2022	14,955,863	1,963,262	13.13
2023	14,831,674	1,554,531	10.48
2024 (Unaudited)	15,914,536	2,774,165	17.43
2025 (Unaudited)	16,338,254	2,544,257	15.57
2026 (Budgeted)	17,017,939	2,565,693	15.08

Source: Audited financial statements (2021-2023), Unaudited Annual Financial Reports (2024-2025) and the Adopted Budget for 2026.

Expenditures

The major categories of expenditure for the City are General Government Support, Public Safety, Transportation, Culture and Recreation, Employee Benefits and Debt Service. A summary of the expenditures for the five most recently completed fiscal years and the estimated expenditures for the current fiscal year may be found in Appendix A - Financial Information.

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

The most current applicable report of OSC designates the City as "No Designation" (Fiscal Score: 0.0%, Environmental Score: 6.7%). More information on the FSMS may be obtained from the Office of the State Comptroller.

New York State Comptroller Reports of Examination

In addition, OSC helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit performed was released February 9, 2018. The purpose of such audit was to determine whether the Council adopted realistic budgets that were structurally balanced, routinely monitored financial operations and took appropriate action to maintain the City's fiscal stability for the period January 1, 2014 through June 30, 2017.

The City provided a complete response to the State Comptroller's office on January 31, 2018. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein.

The City has since taken steps to comply with OSC's recommendations. The City's practice of allocating fund balance was discontinued in the construction of the 2018 budget and going forward. The City's finance system and practices in the finance department have been modified to provide real time updates of budget to actual reports for the City administration. The City has also implemented a more conservative approach to estimating revenues and expenses. The City's Corrective Action Plan also includes a newly updated procurement policy, encumbrance system and new purchase order policy.

Pension Systems

Substantially all employees of the City are members of the New York State and Local Employees' Retirement System ("ERS") or the State and Local Police and Fire Retirement System ("PFRS" and together with the ERS, the "Retirement System"), a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefit to employees are governed by the State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts, which are collected through annual billings to all participating employers. Generally, all full-time employees participate in the Retirement System.

The investment of monies, and assumptions underlying same, of the Retirement System covering the City's employees is not subject to the direction of the City. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement System ("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 returns and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the City, which could affect other budgetary matters. Concerned investors should contact the Retirement System administrative staff for further information on the latest actuarial valuations of the Retirement System.

Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. In the event that there are capital market declines in the future, the City's Retirement System portfolio may experience negative investment performance and downward trends in market earnings. As a result of the foregoing, the employer contribution rate for the State's Retirement System in future years may be higher than the 4.5% minimum contribution rate established under applicable law. Since 2010, various forms of legislation have been enacted to allow local governments and school districts the option of amortizing required contributions to the Retirement System. However, although these options reduce near term payments, it may require higher than normal contributions in later years.

As of December 31, 2025, the City does not have any amortized amounts due to the Retirement System.

Recent changes in State law implemented changes in employee benefits for certain employees, including a reduction in required contributions by tier 6 employees. Such changes are expected to result in increased costs to participating employers, including the City.

The City is required to contribute an actuarially determined rate. The required contributions for the five most recently completed fiscal years and the budgeted amounts for the current fiscal year are as follows:

Contributions to the Retirement Systems

Fiscal Year Ending December 31:	Employees Retirement System	Policemen's & Firemen's Retirement System	Total
2021	$249,358	$1,168,490	1$,417,848
2022	194,324	1,206,751	1,401,075
2023	194,769	1,283,352	1,478,121
2024 (Unaudited)	245,168	1,467,720	1,712,888
2025 (Unaudited)	349,558	2,007,897	2,357,455
2026 (Budgeted)	338,247	1,963,879	2,302,126

Other Post-Employment Benefits

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

GASB Statement No. 75 ("GASB 75") of the Governmental Accounting Standards Board ("GASB"), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits ("OPEB"). GASB 75 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, 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. Only current payments to existing retirees were recorded as an expense.

GASB 75 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

During the year ended December 31, 2018, the City adopted GASB 75, which supersedes and eliminates GASB 45. Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each state or local government. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures to provide more transparent reporting and useful information about the liability and cost of benefits. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. It is measured as of a date no earlier than the end of the employer's prior fiscal year and no later than the employer's current fiscal year. The discount rate is based on 20-year, tax exempt general obligation municipal bonds. There is no amortization of prior service cost.

Those that have more than 200 participants are required to have a full actuarial valuation annually. Plans with fewer than 200 participants are required to have a full valuation every two years.

For the fiscal year ended December 31, 2018, the City implemented GASB 75. The City's total OPEB liability at December 31, 2024 is as follows:

Total OPEB Liability at Dec 31, 2023	$30,193,775
Charges for the Year:	
Service Cost	1,247,455
Plan Change	612,656
Interest	1,554,335
Changes in Assumptions or Other Inputs	2,697,369
Difference Between Actual & Expected	3,657,203
Benefit Payments	(1,114,241)
Net Changes in total OPEB liability	8,189,777
Total OPEB Liability at Dec 31, 2024	$38,383,552

At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the City had decided to continue funding the expenditure on a pay-as-you-go basis.

REAL PROPERTY TAX INFORMATION

Constitutional Tax Margin - 2025

Five Year Average Full Valuation	$556,531,011
Tax Limit - 2% thereof	11,130,620
Total Levy for City Purposes	6,463,099
Exclusions	662,063
Tax Levy Subject to Limit	5,801,036
Constitutional Tax Margin	$5,329,584
Percentage of Tax Limit Exhausted	52.12%

The following table sets forth the percentage of the City's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2021 through 2025, and budgeted for 2026.

Fiscal Year Ending December 31:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2021	$14,076,934	$5,520,204	39.21
2022	14,955,863	5,561,361	37.19
2023	14,831,674	5,577,424	37.60
2024 (Unaudited)	15,914,536	5,839,106	36.69
2025 (Unaudited)	16,338,254	6,180,204	37.83
2026 (Budgeted)	17,017,939	6,463,099	37.98

Source: Audited financial statements (2021-2023), Unaudited Annual Financial Reports (2024-2025) and the 2026 Adopted Budget.

Tax Collection Procedure

Taxes are paid in one installment due before January 31. If payment is not paid by January 31, a penalty of 1% per month is charged on the whole amount of the tax from January 31 to the date of payment. On October 1, an additional penalty of 5% is added to the unpaid taxes and penalties, and such unpaid taxes and penalties are turned over to Albany County for collection. The City retains the full amount of its tax levy and gives the balance and any uncollected taxes to the County. For a description of the new law, see "New Tax Levy Limit Law," herein.

Tax Levies and Rates per $1,000 Assessed Valuation

	Fiscal Year Ending December 31:				
	2022	2023	2024	2025	2026
Taxes on Roll	$5,565,946	$5,578,793	$5,840,350	$6,181,628	$6,463,099.05
Assessed Valuation	$391,151,648	$392,054,467	$393,278,113	$393,397,808	$396,788,218
City Tax Rates	$14.23	$14.23	$14.85	$15.71	16.288536

Selected Listing of Large Taxable Properties
2026 Assessment Roll

Name	Type	Assessed Valuation
National Grid	Utility	$12,296,088
HM Highland Club	Apartments	11,300,000
Elmwood Associates	Apartments	6,700,000
PCP Watervliet LLC	Commercial	5,200,000
Saint-GoBain	Industrial	4,200,000
Stewarts Shops Corp	Commercial	2,300,000
Exchange Right Net Leased Portfolio 53DST	Commercial	2,210,000
DP Partners, LP	Industrial	1,900,000
Watervliet Partners, L.P	Supermarket	1,600,000
1801 Avenue B LLC	Commercial	1,500,000
	Total	$49,206,088

a. Represents approximately 12.40% of the total taxable Assessed Valuation of the City for 2026.

Sales Tax

The City's sales tax is assessed, collected and monitored by the State. Of the current 8% sales tax collected in the County, the State keeps 4% and pays 4% to the County on a monthly basis. Through a 1986 act of the Albany County Legislature, the County shares 40% of its collected sales tax with the municipalities within its borders. The distribution percentages are based upon the municipalities' share of the County population at the last Federal census. Although the County Legislature can decide to change the allocation of sales tax to its municipalities, the allocation has not been changed since it was first enacted in 1986. Prior to 1992, the sales tax was 7% and the County's share was 3%. Beginning in September 1992, the County Legislature requested the State Legislature to temporarily add 1% to the County's share of the tax, making the County's share 4%. Both the County and State Legislatures have extended the temporary increase every two years. The latest temporary increase expires on November 30, 2023.

The following table shows the City's sales tax receipts for the five years ended December 31, 2021 to 2025 and the amount budgeted for 2026.

Fiscal Year Ending December 31:	Total Revenue	Sales Tax	Sales Tax to Revenues (%)
2021	$14,076,934	$4,517,647	32.09
2022	14,955,863	4,954,934	33.13
2023	14,831,674	5,040,920	33.99
2024 (Unaudited)	15,914,536	5,137,917	32.28
2025 (Unaudited)	16,338,254	5,231,155	32.02
2026 (Budgeted)	17,017,939	5,250,350	30.85

Source: Audited financial statements (2021-2023), Unaudited Annual Financial Reports (2024-2025) and the 2026 Adopted Budget.

CYBERSECURITY

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

LITIGATION

The City is subject to a number of lawsuits in the ordinary conduct of its affairs. The City does not believe that such suits, individually or in the aggregate, shall have a material adverse effect on the financial condition of the City. There is no controversy or litigation of any nature now pending or, to the knowledge of the Corporation Counsel, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes, or any law or other authorization with respect to the issuance or sale of the Notes, or the payment of the Notes, or the existence or powers of the City, or the title to their respective offices of the present officers of the City who are responsible for the issuance, sale, execution or delivery of the Notes.

MARKET AND RISK FACTORS

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

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

The City 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 City, in any year, the City may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the City. In some years, the City has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "State Aid").

There are a number of general factors which could have a detrimental effect on the ability of the City 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 City. Unforeseen developments could also result in substantial increases in City expenditures, thus placing strain on the City's financial condition. These factors may have an effect on the market price of the Notes.

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

Amendments to U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Notes and other debt issued by the City. Any such future legislation would have an adverse effect on the market value of the Notes (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 City and continuing technical and constitutional issues raised by its enactment and implementation could have an impact upon the finances and operations of the City and hence upon the market price of the Notes. See "Tax Levy Limitation Law" herein.

TAX MATTERS

In the opinion of Barclay Damon LLP, Bond Counsel to the City, under existing law, and assuming compliance with the certain covenants described herein and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the City, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is further of the opinion that interest on the Notes is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code, however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the corporate alternative minimum tax under the Code. Bond Counsel also is of the opinion that, under existing law, interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix C hereto.

Bond Counsel expresses no opinion regarding any other federal, state or local tax consequences with respect to the Notes. The opinion of Bond Counsel will speak as of its date of issue and will not contain or provide any opinion or assurance regarding the future activities of the City, or about the effect of future changes in the Code, the applicable regulations, rulings, judicial decisions, the interpretation thereof or the enforcement thereof by the Internal Revenue Service (the "IRS"). In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, the exclusion of interest on the Notes from gross income for federal income tax purposes.

General

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. Included among these requirements are restrictions on the investment and use of proceeds of the Notes and the rebate of certain earnings in respect of such investments to the United States. The City and others have made certain representations, certifications of fact, and statements of reasonable expectations and the City has given certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code. The opinion of Bond Counsel assumes continuing compliance with such covenants as well as the accuracy and completeness of such representations, certifications of fact, and statements of reasonable expectations.

In the event of the inaccuracy or incompleteness of any such representations, certifications or statements of reasonable expectation, or of the failure by the City to comply with any such covenant, the interest on the Notes could become includable in gross income for federal income tax purposes retroactive to the date of original execution and delivery of the Notes, regardless of the date on which the event causing such inclusion occurs. Further, although the interest on the Notes is excluded from gross income for federal income tax purposes, receipt or accrual of the interest may otherwise affect the tax liability of a Beneficial Owner of the Notes. The tax effect of receipt or accrual of the interest will depend upon the tax status of a Beneficial Owner of the Notes and such Beneficial Owner's other items of income, deduction or credit. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition, or the accrual or receipt of interest on, the Notes.

Certain Collateral Federal Income Tax Consequences

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of the Notes may have collateral federal income tax consequences for certain taxpayers, including financial corporations, insurance companies, Subchapter S corporations, certain foreign corporations, individual recipients of social security or railroad retirement benefits, individuals benefiting from the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their own tax advisors as to any possible collateral consequences of their ownership of, accrual or receipt of interest on, or disposition of the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Backup Withholding and Information Reporting

Interest paid on tax-exempt obligations is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. Interest on the Notes may be subject to backup withholding if such interest is paid to a registered owner who or which (i) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (ii) has been identified by the IRS as being subject to backup withholding. Amounts withheld under the backup withholding rules will be paid to the IRS as federal income tax withheld on behalf of the registered owner of the Notes and would be allowed as a refund or credit against such owner's federal income tax liability (or the federal income tax liability of the beneficial owner of the Notes, if other than the registered owner).

Legislation

Current and future legislative proposals, if enacted into law, administrative actions or court decisions, at either the federal or state level, may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subjected to state income taxation, or otherwise have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Notes for federal or state income tax purposes. The introduction or enactment of any such legislative proposals, administrative actions or court decisions may also affect, perhaps significantly, the value or marketability of the Notes. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of Beneficial Owners of the Notes may occur. Prospective purchasers of the Notes should consult their own advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future 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 authority and represents the judgment of Bond Counsel as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the IRS or the courts.

The Notes will be designated or deemed designated by the City as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

LEGAL MATTERS

Legal matters incidental to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Barclay Damon LLP, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as Appendix C.

RATING

The Notes are not rated. Subject to the approval of the City, the purchaser(s) of the Notes may have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the City, such as a rating action that may require the filing of a material event notification to EMMA and/or the provision of a supplement to the Final Official Statement.

Standard & Poor's Corporation ("S&P") 55 Water Street, New York, NY 10041, Telephone: (877) 299-2569 and Fax: (212) 438-5153 has assigned a rating of "A+" to the outstanding bonds of the City. The rating reflect only the view of the rating agency and any desired explanation of the significance of such rating should be obtained from S&P. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the 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 such ratings could have an adverse affect on the market price of the Notes or the availability of a secondary market for such Notes.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the City on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the City and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the City or the information set forth in this Official Statement or any other information available to the City 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.

OTHER MATTERS

The City is in compliance with the procedure for the publication of the estoppel notice with respect to the Notes provided in Title 6 of Article 2 of the Local Finance Law.

There is no bond or note principal or interest past due.

The fiscal year of the City is January 1 to December 31.

This Official Statement does not include the financial data of any political subdivision of the State of New York having power to levy taxes within the City, except as expressed in the "Calculation of Estimated Overlapping and Underlying Indebtedness."

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of Timothy Colaneri, Finance Department Account Clerk, City of Watervliet, 2 Fifteenth Street, Watervliet, New York 12189, Phone (518) 270-3800 x 118, and email: tcolaneri@watervlietny.gov. or from the office of Munistat Services Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number (631) 331-8888 and website: https://www.munistat.com.

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

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

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

Barclay Damon LLP expresses no opinion as to the accuracy or completeness of any documents prepared by or on behalf of the City for use in connection with the offer and sale of the Notes, including this Official Statement.

The preparation and distribution of this Official Statement have been approved by the Deputy Finance Director pursuant to the power delegated to him by the authorizing bond and note resolutions to sell and deliver the Notes.

This Official Statement has been duly executed and delivered by the Deputy Finance Director of the City of Watervliet.

CITY OF WATERVLIET, NEW YORK

By: s/s
Deputy Finance Director

November , 2026

APPENDIX A

FINANCIAL INFORMATION

BALANCE SHEET
General and Special Revenue Funds

	Fiscal Year Ending December 31, 2024	
	General Fund	Special Revenue Funds
Assets:		
Cash	$ 491,075	$ 460,773
Taxes Receivable	489,493	
Other Receivables	114,921	1,338,149
Due From Other Funds	5,122,435	2,548,632
Due From Other Governments	1,452,655	
Restricted Assets	3,637	
Total Assets	$ 7,674,216	$ 4,347,554
Liabilities:		
Accounts Payable	$ 1,653,044	$ 282,341
Accrued Liabilities	187,634	24,426
Other Liabilities	2,605	
Due To Other Funds	2,825,743	1,075,167
Due to Other Governments	17,064	
Deferred Revenues	151,046	468,986
Total Liabilities	4,837,136	1,850,920
Fund Balances:		
Nonspendable		
Restricted	361,649	
Assigned		2,496,634
Unassigned	2,475,431	
Total Fund Balances	2,837,080	2,496,634
Total Liabilities and Fund Balances	$ 7,674,216	$ 4,347,554

* Special Revenue Fund includes the Water Fund, Sewer Fund and Special Grant Fund.

Source: Annual Financial Report (2024)
Note: This Schedule is NOT audited.

BALANCE SHEET
General and Special Revenue Funds

	Fiscal Year Ending December 31, 2025	
	General Fund	Special Revenue Funds
Assets:		
Cash and Investments	$ 2,692,427	$ 2,562,596
Accounts Receivable	495,649	957,250
Special Grant Loans Receivable	0	89,266
Due From Other Funds	2,680,000	0
Due From Other Governments	1,354,134	0
Cash Reserved for Special Purpose	0	0
Total Assets	$ 7,222,210	$ 3,609,112
Liabilities:		
Accounts Payable	$ 2,307,889	$ 107,470
Accrued Liabilities	0	0
Other Liabilities	28,762	0
Due To Other Funds	990,553	0
Due to Other Governments	0	0
Deferred Revenues	161,860	454,107
Total Liabilities	3,489,064	561,577
Fund Balances:		
Restricted	3,637	0
Assigned	177,133	3,047,535
Unassigned	3,552,377	0
Total Fund Balances	3,733,147	3,047,535
Total Liabilities and Fund Balances	$ 7,222,210	$ 3,609,112

* Special Revenue Fund includes the Water Fund, Sewer Fund and Special Grant Fund.

Source: Annual Financial Report (2025)
Note: This Schedule is NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND

	Fiscal Year Ending December 31:				
	2021	2022	2023	2024	2025
Revenues:					
Real Property Taxes	$ 5,520,204	$ 5,561,361	$ 5,577,424	$ 5,839,106	$ 6,180,205
Real Property Tax Items	202,569	202,685	198,207	204,261	222,175
Non-Property Taxes	4,517,647	4,954,934	5,040,920	5,137,918	5,231,156
Departmental Income	786,682	940,388	1,060,852	1,045,151	1,167,384
Intergovernmental Charges	157,284	276,695	267,767	184,434	271,265
Use of Money and Property	37,889	45,715	69,032	82,371	227,028
Licenses and Permits	353,962	114,948	322,265	97,498	95,553
Fines and Forefeitures	31,212	84,822	61,307	117,171	72,667
Sale of Property and Compensation for Loss	39,563	34,000	106,652	78,778	98,047
Miscellaneous	115,203	174,953	23,081	23,534	5,170
State and Federal Aid	2,314,719	2,565,362	2,104,167	3,104,314	2,767,606
Total Revenues	14,076,934	14,955,863	14,831,674	15,914,536	16,338,254
Expenditures:					
General Government Support	1,011,419	1,125,978	1,113,015	1,239,305	1,063,127
Public Safety	5,734,123	6,337,005	6,482,762	6,789,767	7,037,327
Transportation	633,831	808,707	636,739	1,422,991	471,983
Economic Assistance & Opportunity	16,666	20,000	20,000	20,000	20,000
Culture and Recreation	161,226	447,468	324,870	329,766	398,075
Home and Community Services	575,892	576,786	886,968	602,015	644,850
Employee Benefits	3,652,339	4,011,450	4,202,911	4,264,729	5,339,990
Debt Service (Principal & Interest)	560,982	444,005	487,284	484,254	466,837
Total Expenditures	12,346,478	13,771,399	14,154,549	15,152,826	15,442,188
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,730,456	1,184,464	677,125	761,711	896,067
Other Financing Sources (Uses):					
Operating Transfers In					
Operating Transfers (Out)	(1,192,026)	(769,169)	(577,090)	(145,560)	-
Long Term Financing of Pension Obligation					
Total Other Financing Sources (Uses)	(1,192,026)	(769,169)	(577,090)	(145,560)	-
Excess (Deficiency) of Revenues & Other Sources over Exp and Other Uses	538,430	415,295	100,035	616,150	896,067
Fund Equity Beginning of Year	1,206,863	1,745,293	2,160,588	2,260,623	2,837,080
Prior Period Adjustment				(39,693)	-
Fund Balance End of Year	$ 1,745,293	$ 2,160,588	$ 2,260,623	$ 2,837,080	$ 3,733,147

Sources: Audited Financial Statements (2020-2023) & Annual Financial Report (2024)
Note: This Schedule is NOT audited.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS *

	Fiscal Year Ending December 31:				
	2021	2022	2023	2024	2025
Revenues:					
Departmental Income	$ 4,492,896	$ 4,541,992	$ 4,587,019	$ 5,288,065	$ 3,918,451
Use of Money and Property	142	2,641	18,290	6,204	707
Miscellaneous	0	717,220	0	0	890
State and Federal Aid	157,767	128,955	446,685	0	0
Total Revenues	4,650,805	5,390,808	5,051,994	5,294,269	3,920,047
Expenditures:					
General Government Support	182,252	178,954	340,656	416,443	209,388
Home and Community Services	2,560,073	2,756,737	3,174,703	3,029,839	2,434,633
Employee Benefits	519,664	540,285	571,669	572,105	335,445
Debt Service (Principal & Interest)	415,162	433,580	463,921	462,242	389,685
Total Expenditures	3,677,151	3,909,556	4,550,949	4,480,629	3,369,150
Excess (Deficiency) of Revenues Over (Under) Expenditures	973,654	1,481,252	501,045	813,640	550,897
Other Financing Sources (Uses):					
Operating Transfers In					
Operating Transfers (Out)	(499,000)	(1,206,000)	(316,000)	(206,000)	-
Total Other Financing Sources (Uses)	(499,000)	(1,206,000)	(316,000)	(206,000)	-
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	474,654	275,252	185,045	607,640	550,897
Fund Balance Beginning of Year	976,200	1,450,854	1,726,106	1,911,151	2,496,645
Prior Period Adjustments				(22,146)	-
Fund Balance End of Year	$ 1,450,854	$ 1,726,106	$ 1,911,151	$ 2,496,645	$ 3,047,542

* Special Revenue Fund includes the Water Fund, Sewer Fund and Special Grant Fund.

Sources: Audited Financial Statements (2021-2023) & Annual Financial Reports (2024-25)
Note: This Schedule is NOT audited.

BUDGET SUMMARIES

General Fund

	Fiscal Year Ending December 31:	
	2025	2026
Revenues:		
Real Property Taxes	$ 6,181,628	$ 6,463,099
Real Property Tax Items	180,000	265,000
Non-Property Taxes	5,100,000	5,250,350
Departmental Income	1,169,500	364,000
Intergovernmental Charges	110,000	760,000
Use of Money and Property	30,000	483,000
Licenses and Permits	88,000	752,697
Miscellaneous	83,400	
State Aid	1,415,693	2,565,693
Federal Aid	173,600	114,100
Total Revenues	$ 14,531,821	$ 17,017,939
Expenditures:		
General Operating Expenses	$ 1,607,764	$ 3,251,739
Public Safety	6,103,241	5,720,590
Transportation	438,481	587,441
Economic Assistance & Opportunity	20,000	
Culture and Recreation	258,036	372,895
Home and Community Services	603,640	813,960
Employee Benefits	5,150,146	5,912,876
Debt Service	350,513	318,438
Interfund Transfers		40,000
Total Expenditures	$ 14,531,821	$ 17,017,939

Source: Adopted Budgets of the City.

CITY OF WATERVLIET
APPENDIX B

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025

►Click Here For 2025 AFR

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN DRAFTED REVIEWED AND/OR UPDATED BY THE CITY'S AUDITORS IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

[FORM OF BOND COUNSEL OPINION]

November 24, 2026

Council of the City of Watervliet
in the County of Albany, New York

Re: City of Watervliet
$8,040,000 Bond Anticipation Notes, 2026

Dear Council Members:

We have examined a record of proceedings relating to the issuance of $8,040,000 aggregate principal amount of Bond Anticipation Notes, 2026 (the "Note") of the City of Watervliet (the "City"), a municipal corporation of the State of New York, situate in the County of Albany. The Note is dated November 24, 2026, matures November 24, 2027, is numbered R-1, bears interest at [____]% per annum payable at maturity and is issued pursuant to bond resolutions adopted on July 18, 2019 (supplemental bond resolution adopted November 5, 2020), May 7, 2020, March 2, 2023, January 25, 2024, August 15, 2024, and March 5, 2026 and a certificate of the Finance Director of the City, authorizing the issuance of notes in the maximum aggregate principal amount of $8,040,000.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that under existing law:

1. The Notes are valid and binding general obligations of the City.

2. All taxable property in the territory of the City is subject to ad valorem taxation, without limitation as to rate or amount to pay the Notes, subject to the statutory limitations of Chapter 97 of the Laws of 2011 the State of New York. The City is required by law to include in its annual tax levy the principal and interest coming due on the Notes to the extent the necessary funds are not provided from other sources.

3. Interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the alternative minimum tax imposed by the Code; however, interest on the Notes that is included in the adjusted financial statement income of certain corporations is not excluded from the corporate alternative minimum income tax imposed by the Code. The opinion set forth in the preceding sentence is subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the

Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with all such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

4. Interest on the Notes is exempt from personal income taxes imposed by New York State or any political subdivision thereof, including The City of New York.

Except as expressly stated above, we express no opinion as to any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Notes. Owners of the Notes should consult their tax advisors as to the applicability of any collateral tax consequences of ownership of the Notes, which may include original issuance discount, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

It is to be understood that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Notes.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,