

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 6, 2026

RENEWAL ISSUES

BOND ANTICIPATION NOTES

In the opinion of Harris Beach Murtha Cullina PLLC, Bond Counsel to the Village, under existing statutes, regulations, administrative rulings, and court decisions, and assuming continuing compliance by the Village with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), and the accuracy of certain representations made by the Village, interest on the Series C Notes is excluded from gross income of the owners thereof for Federal income tax purposes and is not an "item of tax preference" for purposes of the Federal alternative minimum tax imposed on individuals. However, interest on the Notes held by certain corporations that are subject to the Federal corporate alternative minimum tax is included in the computation of "adjusted financial statement income" for purposes of the Federal alternative minimum tax imposed on such corporations. Interest on the Series D Notes is included in gross income of the owners thereof for Federal income tax purposes. In addition, interest on the Series D Notes held by certain corporations that are subject to the Federal corporate alternative minimum tax is included in the computation of "adjusted financial statement income" for purposes of the Federal alternative minimum tax imposed on such corporations. Bond Counsel is also of the opinion that under existing statutes interest on the Series C Notes and the Series D Notes is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). See "Tax Matters For The Series C Notes" and "Tax Matters For The Series D Notes" herein.

The Village will NOT designate the Series C Notes and the Series D Notes as "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3) of the Code.

VILLAGE OF FREEPORT NASSAU COUNTY, NEW YORK (the "Village")

\$16,040,000 BOND ANTICIPATION NOTES – 2026 SERIES C (the "Series C Notes")

Date of Issue: April 23, 2026

Maturity Date: April 23, 2027

\$1,445,000 BOND ANTICIPATION NOTES – 2026 SERIES D (FEDERALLY TAXABLE) (the "Series D Notes" and together with the Series C Notes, the "Notes")

Date of Issue: April 23, 2026

Maturity Date: April 23, 2027

The Notes are general obligations of the Village of Freeport, Nassau County, New York (the "Village"), and will contain a pledge of the faith and credit of the Village for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Village subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limit Law"). (See "TAX INFORMATION - Tax Levy Limit Law" herein.)

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

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.

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. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. 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 of the principal of 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 Village, 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 such bank of trust company located and authorized to do business in the State of New York as may be selected by the successful bidder.

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on April 14, 2026 at the offices 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 the approving legal opinion of Harris Beach Murtha Cullina PLLC, New York, New York, Bond Counsel. It is expected that delivery of the Notes will be made in New York, New York, or such other place as the Village and purchaser(s) shall agree, on or about April 23, 2026.

THE VILLAGE WILL DELIVER AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN EVENTS, AS REQUIRED BY SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12, IN CONNECTION WITH THE DELIVERY OF THE NOTES (SEE "DISCLOSURE UNDERTAKING," HEREIN).

April, 2026

INCORPORATED VILLAGE OF FREEPORT

46 North Ocean Avenue
Freeport, New York 11520

VILLAGE OFFICIALS

Mayor

ROBERT T. KENNEDY

Deputy Mayor

JORGE A. MARTINEZ

Trustees

CHRISTOPHER L. SQUERI
EVETTE B. SANCHEZ-AGUIRRE
JACQUES BUTLER

Village Clerk

PAMELA WALSH BOENING

Village Treasurer

ISMAELA M. HERNANDEZ

Village Comptroller

ALVIN MCDANIEL

Village Attorney

HOWARD E. COLTON, ESQ.

BOND COUNSEL



Harris Beach Murtha Cullina PLLC
White Plains, New York

* * *

MUNICIPAL ADVISOR



Municipal Finance Advisory Service

12 Roosevelt Avenue
Port Jefferson Station, N.Y. 11776
(631) 331-8888

E-mail: info@munistat.com
Website: <https://www.munistat.com>

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

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OFFICIAL STATEMENT
Relating To
VILLAGE OF FREEPORT
NASSAU COUNTY, NEW YORK

\$16,040,000 BOND ANTICIPATION NOTES - 2026 SERIES C

AND

\$1,445,000 BOND ANTICIPATION NOTES - 2026 SERIES D (FEDERALLY TAXABLE)

This Official Statement, which includes the cover page and appendices hereto, has been prepared by the Village of Freeport, Nassau County, New York (the “Village,” “County,” and “State,” respectively) in connection with the sale by the Village of \$16,040,000 Bond Anticipation Notes - 2026 Series C (the “Series A Notes”) and \$1,445,000 Bond Anticipation Notes - 2026 Series D (Federally Taxable) (the “Series D Notes”, and together with the Series C Notes, the “Notes”).

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

DESCRIPTION OF THE NOTES

The Notes are general obligations of the Village, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State of New York (State Constitution, Article. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the Village is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See “TAX INFORMATION - Tax Levy Limit Law”, herein.)

The Series C Notes are dated April 23, 2026 and will mature, without the option of prior redemption, on April 23, 2027. The Series D Notes are dated April 23, 2026 and will mature, without the option of prior redemption, on April 23, 2027.

The Village will act as Fiscal Agent for the Notes. The Village’s contact information is as follows: Ismaela M. Hernandez, Village Treasurer, Village of Freeport, 46 North Ocean Avenue, Freeport, NY 11520, email address: ihernandez@freeportny.gov.

Authorization and Purpose

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Village Law, the Local Finance Law and the bond resolutions referred to below, duly adopted by the Board of Trustees of the Village on their respective dates for the purposes listed below. (See VILLAGE INDEBTEDNESS - Capital Project Plans herein.) The proceeds of the Series C and Series D Notes, along with available funds, will be used to redeem and renew outstanding bond anticipation notes of the Village.

The Series C Notes

<u>Purposes</u>	<u>Date Authorized</u>	<u>Amount Outstanding</u>	<u>Amount to be Paid</u>	<u>Amount to Notes</u>
	08/20/2018			
Installation of flood proofing doors at the Village Recreation Center and Department of Public Works Facility	amended 06/28/2021	\$180,000	\$20,000	\$160,000
Construction of road improvements, including related drainage and grading	02/03/2020	635,630	85,000	550,630
The construction, reconstruction or replacement of a bulkhead at Prospect Park	02/03/2020	40,000	5,000	35,000
Various projects in and for the Village - FD Equipment	02/03/2020	25,000	25,000	0
Construction of various improvements to Cow Meadow Park	02/28/2022	2,195,000	372,192	1,822,808
Authorizing the reconstruction and/or replacement of certain transformers in the Village's Electric System	03/14/2022	530,000	40,000	490,000
Construction of water system improvements	07/12/2021	960,000	40,000	920,000
Acquisition of turnout gear	02/27/2023	90,000	30,000	60,000
Construction of water system improvements	03/14/2022	960,000	40,000	920,000
	02/03/2020			
	amended			
Replacement of a sewer pump on Buffalo Avenue	07/01/2024	80,000	10,000	70,000
	03/28/2022			
	amended			
Construction of various road improvements	10/03/2022	365,000	30,000	335,000
Construction of drainage improvements along Woodcleft Avenue	02/26/2024	2,625,000	40,000	2,585,000
Acquisition of a heavy duty truck for use by the Village	02/26/2024	288,750	20,000	268,750
Construction of playground improvements at various parks	02/26/2024	288,750	288,750	0
Acquisition of various vehicles for use by the Police Department	02/26/2024	225,000	110,000	115,000
Acquisition of two pumper trucks, including equipment and apparatus used in connection therewith	09/12/2023	940,000	41,019	898,981
Acquisition of water meters	01/13/2025	262,500	0	262,500
Acquisition of a police boat	01/13/2025	210,000	0	210,000
Construction of an addition to police headquarters for use as a police emergency operations center	01/13/2025	1,417,500	0	1,417,500
Acquisition of computer hardware and software	02/24/2025	177,870	0	177,870
Acquisition of vehicles for use by the fire department	03/03/2025	210,000	0	210,000
Construction of sewer improvements along Merrick Road in the Village	10/03/2022	219,000	0	219,000
Finance the payment of certain settled claims against the Village	01/26/2026	2,007,961	0	2,007,961
Authorizing the payment of tax certiorari judgments, compromised claims and settled claims payable in the fiscal year ending February 28, 2026, resulting from court orders pursuant to tax certiorari proceedings brought under article seven of the Real Property Tax Law	03/24/2025	534,000	0	534,000
Finance the payment of certain tax certiorari judgements, compromised claims and settled claims resulting from court orders	04/05/2021 amended 03/14/2022	\$180,000	\$35,000	\$145,000

The Series C Notes - Continued

<u>Purposes</u>	<u>Date Authorized</u>	<u>Amount Outstanding</u>	<u>Amount to be Paid</u>	<u>Amount to Notes</u>
Finance the payment of tax certiorari judgements, compromised claims and settled claims payable in the fiscal year ending February 28, 2022, resulting from court orders pursuant to tax certiorari proceedings brought under Article Seven of the Real Property Tax Law	04/05/2021 amended 03/14/2022	230,000	40,000	190,000
Authorizing the issuance of \$150,000 in serial bonds of the Village to finance the payment of certain tax certiorari judgements, compromised claims and settled claims resulting from court orders	03/14/2022	120,000	20,000	100,000
Authorizing the payment of tax certiorari judgements, compromised claims and settled claims payable in the fiscal year ending February 28, 2023, resulting from court orders pursuant to tax certiorari proceedings brought under Article Seven of the Real Property Tax Law	03/14/2022 amended 05/01/2023	560,000	75,000	485,000
Authorizing the payment of tax certiorari judgements, compromised claims and settled claims payable in the fiscal year ending February 28, 2024, resulting from court orders pursuant to tax certiorari proceedings brought under Article Seven of the Real Property Tax Law	02/27/2023 amended 04/15/2024	475,000	110,000	365,000
Finance the payment of tax certiorari judgements, compromised claims and settled claims payable in the fiscal year ending February 28, 2025, resulting from court orders pursuant to tax certiorari proceedings brought under Article Seven of the Real Property Tax Law	02/26/2024 amended 03/24/2025	485,000	0	485,000
Totals:		<u>\$17,516,961</u>	<u>\$1,476,961</u>	<u>\$16,040,000</u>

The Series D Notes

<u>Purposes</u>	<u>Date Authorized</u>	<u>Amount Outstanding</u>	<u>Amount to be Paid</u>	<u>Amount to Notes</u>
Construction of improvements to the Freeport Armory	07/26/2021	\$65,000	\$65,000	\$0
Construction of various upgrades to the Freeport Armory	09/12/2023	250,000	125,000	125,000
Construction of improvements to the Freeport Armory	01/08/2024	1,400,000	80,000	1,320,000
Totals:		<u>\$1,715,000</u>	<u>\$270,000</u>	<u>\$1,445,000</u>

Nature of Obligation

The Notes when duly issued and paid will constitute a contract between the Village and the holder(s) thereof.

The Notes will be general obligations of the Village and will contain a pledge of the faith and credit of the Village for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the Notes, the Village has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the Village, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See “TAX INFORMATION - Tax Levy Limit Law” and “LEGAL MATTERS,” herein.)

Under the Constitution of the State, the Village is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the Village to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Village’s power to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in the Tax Levy Limit Law. (See “TAX INFORMATION - Tax Levy Limit Law,” herein.)

Book-Entry-Only System

In the event that the Notes are issued in 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 of a series bearing the same rate of interest and CUSIP number and will be deposited with DTC.

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 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 issuer, on the 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, any Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust & Clearing Corporation

THE VILLAGE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENTS BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE NOTES; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO NOTEHOLDERS; (IV) THE SELECTION BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE NOTES; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS NOTEOWNER.

THE VILLAGE

General Information

The Village encompasses approximately 4.93 square miles on the south shore of Nassau County within the Town of Hempstead (the “Town”), and is approximately 25 miles east of New York City. The character of the Village has been and remains largely suburban residential. The majority of the homes within the Village are single-family residences; however, there are several apartment complexes. The population of the Village is 44,472 according to the 2020 U.S. Census. Recently, there has been cooperative and condominium development in the Village. The Village includes several industrial parks, and a portion of the Village has been zoned for industrial development and expansion. Commercial activity is centered in the Meadowbrook Commons Mall, Atlantic Mall, Elks Plaza, the South Main Street central business district, and several commercially zoned areas.

The proximity of the Village to the Great South Bay and Atlantic Ocean has led to substantial development of waterfront activity, including commercial fishing, party boats and pleasure boating. There is a commercial fishing fleet supporting both retail and wholesale fish sales. Many marinas and yacht areas cater to recreational boaters. The Town operates a large municipal marina in the Village.

Colleges and universities in the area include Adelphi University, Hofstra University, Molloy University, New York Institute of Technology, Long Island University C.W. Post Campus, and Nassau Community College.

Transportation

The Village is served by a network consisting of all major forms of transportation. Several primary roads, including the Southern State Parkway, the Meadowbrook Parkway and Sunrise Highway, provide easy access to the Village. Atlantic Avenue, Merrick Road and Sunrise Highway are major roads that service the Village.

The Long Island Railroad operates at frequent intervals from the Freeport station on the Babylon Line of the Long Island Railroad. The trip to midtown Manhattan from the Village is approximately 40 minutes by train. The Metropolitan Transportation Authority (MTA) and Long Island Railroad have renovated and rebuilt the Freeport station. The improvements include a new state-of-the-art facility. The Long Island Railroad also operates rail service on two additional separate lines to and from New York City on trains making express stops and local stops throughout the area.

Air transportation is provided by the four New York Metropolitan airports (McArthur, Kennedy, LaGuardia and Newark).

Municipal Services

The Village provides its residents with many of the services traditionally provided by municipal governments. In addition, the Town and County furnish certain other services. A list of the services provided by the Village are as follows: police protection and law enforcement; electric power; water and sewers; refuse collection; highway and public facilities maintenance; a local justice court that is responsible for enforcing provisions of the State’s Vehicle and Traffic Law and local ordinances as well as having jurisdiction over certain civil and criminal matters; cultural and recreational activities including building code enforcement and planning and zoning administration. Fire protection and ambulance services are furnished by the Village’s volunteer fire department. Vehicles and equipment for fire and emergency services are owned by the Village.

Pursuant to State law, the County, not the Village, is responsible for funding and providing various social service and health care programs such as Medicaid, aid to families with dependent children, home relief and mental health programs. The County is also responsible for certain sewer services and the Town is responsible for solid waste disposal.

The residents of the Village receive electricity from the Village’s own electric generation plants which are either self-generated or purchased from the New York Independent System Operator (“NYISO”), while National Grid provides natural gas. The Village has its own water supply and sewer collection disposal system, operated by the Village, which is tied into the County sewer system.

Freeport Electric Utility

The Freeport Electric Utility (“Freeport Electric”) was established by public referendum in 1897 and commenced operation in April 1898. Today, Freeport Electric serves a community of over 43,000 residents with a customer base of approximately 15,000. Freeport Electric operates two generating stations with a total installed capacity of 76 megawatts and has a system peak of 65 megawatts. In 1996, a new interconnection substation was placed on-line and took the place of an older and less efficient substation that was decommissioned the following year. The system allows Freeport Electric to meet its energy requirements on a daily basis and allows it to purchase energy only when it can be purchased and transported for less money per kilowatt hour than generation.

Freeport Electric’s energy costs are among the lowest on Long Island, with rates thirty percent lower than those in surrounding communities. Freeport Electric is also a member of a fourteen member municipal and cooperative organization called the New York Association of Public Power (“NYAPP”).

Freeport Electric, the largest of the three municipal electric utilities on Long Island, operates and maintains six generating units, reads 15,000 meters per month, processes 15,000 payments per month, maintains five substations and over 200 miles of electric wires and fifteen miles of 144 strand self-supporting fiber optic cable. Generally, all engineering and design work associated with maintaining the electric system is performed by members of Freeport Electric’s sixty-six person work force.

The Village negotiated a 30-year Purchase Power Agreement with LIPA for 10 megawatts of the 47-megawatt energy output from the new LM-6000 generator constructed at the site in 2004. The agreement with LIPA includes an annual payment to the Village from LIPA to offset the cost of debt service for this project and future maintenance of shared facilities costs.

Under a lease agreement with Equus Power LLP, (J-Power) the Village receives approximately \$680,000 per annum. Until recently, the Village also received a PILOT payment of approximately \$315,000 per annum from Equus Power LLP. The Equus, now known as J-Power, PILOT agreement expired on December 31, 2017. J-Power is now taxed, no longer subject to a PILOT and has filed a tax certiorari case against the Village, which remains unsettled. (See “TAX INFORMATION- Larger Taxpayers” and “LITIGATION” herein).

The Village currently purchases energy during periods where peak usage creates capacity shortages. Such purchases total approximately \$1 million per year. The LM-6000 unit is expected to meet the Village’s energy needs for the next thirty years and the unused capacity will provide low cost energy for future commercial development. In addition to eliminating the capacity shortage payments, Freeport Electric can sell unused capacity made available by the LM-6000 unit on the open market. A significant portion of the debt service on the bonds issued to fund this project are paid for by these aforementioned revenue streams. The balance of the debt service associated with this project is paid for by additional revenues generated from electric utility rates. Freeport electric rates remain substantially lower in the Village than in the surrounding communities.

As of February 29, 2024, the Village's audited General Fund indicated a due from the Village’s Electric Fund of approximately \$11.92 million (a due from that spanned several years) to support the operations of the Village’s Electric Fund, an Enterprise Fund of the Village. This amount is required to be repaid. As of February 28, 2026, the remaining due from balance stands at approximately \$13.52 million. The Utility has filed a rate case with the Public Service Commission to make transactions of this type unnecessary and provide for future operational expenses. The Village is also in the process of closing on a land sale, the proceeds from which will be used to fully clear this due from the Electric Fund to the General Fund.

Summaries of the operating results for the Freeport Electric Utility for each of the last five available audited fiscal years are contained in Appendix A-2.

Freeport Water Department

The Water Department of the Village serves approximately 43,000 residents using 10,200 water connections in an area of 4.93 square miles within the Village limits. The Water Department currently draws its water supply from eleven (11) operating wells, which have been drilled into the Magothy aquifer at depths ranging from 500 feet to 700 feet. This aquifer, which was originally created by glacial action, is held in place by sand and the pressure of ocean water on all sides of Long Island. Quantities of water presently available exceed the existing and projected water demands and the overall water quality is rated excellent based on regular independent sampling.

The water pumped from the North East Well Field and the wells in the North West section are pumped into two elevated storage tanks after chemical treatment. Water flows by gravity from each storage tank into the distribution system. The water that is pumped from the Prince Avenue Well Field, located in the northwest section of the Village, is chemically treated on the site before going into the distribution system. The distribution system includes approximately 126 miles of mains.

In providing adequate water service to consumers, the Water Department must receive sufficient revenues to ensure proper operation and maintenance, including capital improvements, development and perpetuation of the system. In September 2012, the Water Department adopted a five-year rate structure, which adjusted the water rates to enable the Water Department to provide the funding needed to reinvest into the water system.

The water usage and service rates fund major operations, maintenance activities and capital improvement projects in the water supply system. Usage rates are charged in tier increments, for the actual amount of water used. Tier rate structures are considered conservation oriented. Effective June 18, 2025, water rates stated in per 1,000 gallons consumed are as follows: first 50,000 gallons - \$2.52, 50,001 to 100,000 gallons - \$4.86 and over 100,000 - \$6.25. The average residential customer uses under 80,000 gallons per quarter. Additionally, every service account has a quarterly service charge of \$39, which reflects costs for billing operations and the cost to replace aging water meters.

Waterfront Development

The Nautical Mile is now a destination for residents and tourists, and it is the road used to access fishing charter boats, fish markets, a scenic pier, a pavilion and restaurants. The esplanade serves as a park offering opportunities for sitting and gathering and viewing boating activities on the canal. It includes two outdoor display areas, a pavilion where marine educational classes can be held and a 50-foot pier for the docking of display vessels such as visiting schooners, historic boats and other floating exhibits for Long Island Marine Education Center. It is also home to the Long Island Marine Education Center and has been identified by the State as the largest center of water developed business and facilities on the south shore of Long Island.

The Village was recognized by the State for the Nautical Mile Project with the State's first Governor's Waterfront Rediscovery Award. The Village was one of five recipients of this prestigious award. In 2007, the Village continued the development of the waterfront with the construction of a new transient marina, boardwalk, and dock-masters quarters at the Sea Breeze Park site located at the foot of South Ocean Avenue just west of the Nautical Mile.

Hilton Garden Inn has received the necessary approvals to build a 100 unit Hilton Garden Inn at the end of Freeport's Nautical Mile. This development will provide additional tax revenue to the Village. While the project is going to receive a PILOT from the Town of Hempstead, the developer and the Village have signed a services agreement that will guarantee the Village its full tax.

This is just one in a series of the Village’s strong economic development upswing. A state of the art Lexus dealership opened in the Village, as well as renovations to Land Rover/Jaguar, and Porsche. On May 31, 2023, the Village completed the sale of the Village owned Old Moxey Rigby and 80-84 Albany Avenue properties at the sale value of \$17.5 million. (See “APPENDIX A-6 Comparison of Budget and Actual Results - General Fund” herein.)

Stormwater

On limited occasions, the Village experiences tidal flooding of local streets due to extreme weather events such as nor’easter storms and lunar tidal events. During these events, the tidal elevation is higher than the adjacent roadway and water backs up through existing drainage systems and floods the roadway. An extreme case occurred in 2012 with Super Storm Sandy, at which time the Village suffered significant flooding due to an 11-foot tidal surge. Three commercial properties on the Village’s Nautical Mile experienced significant damage and approximately 3,000 homes were affected by the storm surge, 135 of which were “red tagged” thereby declaring them unsafe for habitation.

The Village incurred approximately \$4.5 million in Super Storm Sandy related expenditures for debris removal, non-capital equipment and materials, Village labor overtime costs and other contractual costs. While such funds were ultimately reimbursed from FEMA and New York State, the Village issued a budget note in the interim to temporarily fund such unforeseen expenditures.

Minor cases of tidal flooding occur approximately ten times each year.

The Village has been actively addressing such tidal flooding issues by installing tidal check valves in existing drainage systems, installing high capacity storm water pumps in existing drainage systems and raising the grade of roadways. In doing so, the Village anticipates significantly less damage resulting from future similar storms.

The Village’s Electric Power Plant No. 2, located on Albany Avenue, has also been elevated and a flood barrier has been erected around the plant to ensure that future storms will have little if no impact on plan operations.

Comparative Housing, Income and Population Data

<u>Age Distribution</u>	<u>Village</u>	<u>County</u>	<u>State</u>	<u>U.S.</u>
Median Age	37.20	41.10	38.00	37.20
Person/Household	3.03	3.03	2.60	2.60
<u>Housing</u>				
% Owner Occupied Housing Units	68.20	81.70	54.40	64.60
Median Value Owner Occupied Housing (\$)	387,200	560,100	340,600	244,900
Median Gross Rent (\$)	1,716	1,940	1,390	1,163
<u>Income:</u>				
Per Capita Income (\$)	39,778	55,763	43,208	37,638
Median Household Income	100,507	126,576	75,157	69,021
% Below Poverty Level ⁽¹⁾	6.90	6.10	13.90	11.60

(1) Estimates are not comparable to other geographic levels due to methodology differences that may exist between different data sources.

Source: “Median Age” - 2010 Census of Population and Housing, U.S. Department of Commerce, Bureau of the Census and American Community Survey. All other data US Census 2017-2021 ACS 5-year estimates, U.S. Department of Commerce, Bureau of the Census and American Community Survey.

Population Trends

Year	Village	Nassau County	New York State
2000	40,071	1,334,544	18,976,457
2010	42,860	1,339,532	19,378,102
2020	44,472	1,395,774	20,201,249
2024	44,088	1,392,438	19,867,248

Source: U.S. Department of Commerce, Bureau of the Census.

Selected Listing of Major Employers

<u>Name</u>	<u>Type</u>	<u>Approx. No. of Employees</u>
Home Depot	Retail - Home Building Supplies	340
Henkind-Engel Meadowbrook	Nursing Home	300
Preferred Foundations, Inc.	Mens and Womens Garments	200
Penthouse Manufacturing Co., Inc.	Cosmetic accessories	175
Rose Fence	Manufacturing	170
B.J. Warehouse	Retail - Food Products	150
Love & Quiches, Ltd.	Quiches	145
Gemco/Phoenixware	House-ware and Tableware Products	100
Knickerbockers Partition Corp.	Laminate Partitions & Steel Toilet Enclosures	100
Ronal Hariton Corp.	Misc. Chemical Product Manufacturing	100
American Puff Corp.	Leather Goods Manufacturing	100

Source: Village Officials

Form of Village Government

The Village was incorporated in 1892 as a municipal corporation by the State pursuant to the Village Law and is vested with such powers and has the responsibilities inherent in the operation of a municipal government, including the adoption of rules and regulations to govern its affairs. In addition, the Village may tax real property situated in its boundaries and incur debt subject to the provision of the State's Local Finance Law. There are three independent school districts operating in the Village that possess similar powers with respect to taxation and debt issuance. Village residents also pay real property taxes to the Town and the County to support programs conducted by these two governmental entities.

Government operations of the Village are subject to the provisions of the State Constitution and various statutes affecting Village governments including the Village Law, the General Municipal Law and the Local Finance Law. Real property assessment, collection, and enforcement procedures are determined by the Real Property Tax Law.

The Village Board of Trustees (the "Board") is the legislative, appropriating, governing and policy determining body of the Village and consists of four trustees, all of whom are elected at large to serve staggered four-year terms, and the Mayor. The number of terms which a Trustee may serve is not limited. It is the responsibility of the Board to enact, by resolution, all legislation including ordinances and local laws. Annual operating budgets for the Village must be approved by the Board. Modifications and transfers between budgetary appropriations also must be authorized by the Board. All Village indebtedness must be authorized by the Board.

The Mayor is the chief elected official of the Village and is elected for a four-year term of office with the right to succeed himself. In addition, the Mayor is a full member of and the presiding officer of the Board. The current Mayor, Robert T. Kennedy, took office in April 2013.

The Village Treasurer is appointed by the Board to a two-year term and is the chief fiscal officer of the Village. Duties and responsibilities of the position include: collection of taxes, preparation and control of capital budget, administering payroll, custody and investment of Village funds, all banking activities and debt management, reconciling bank statements, and monitoring delinquent taxes, fines, etc.

The Village Clerk is appointed by the Mayor, subject to approval by the Board, to a two-year term. The Clerk has custody of the corporate seal, books, records, and papers of the Village, and all the official reports and communications of the Board. The Clerk is responsible for maintaining the Village code of laws and ordinances as it relates to the codes for building, plumbing, electric, zoning, vehicle and traffic regulations, and general ordinances. In addition, the Village Clerk issues various licenses and permits.

During the Fall of 1998, the positions of Village Comptroller and Village Auditor were created in an effort to establish additional internal controls within the Village's Finance Department.

The Village Comptroller is responsible for accounting functions, controlling appropriations and preparing annual financial reports. In addition, the Comptroller oversees the maintenance of the Village's accounting systems and records, which includes the responsibility to prepare and file an annual report with the State Comptroller.

The Village Auditor's duties and responsibilities include: the preparation of internal audits, reviewing collateral, reviewing and approving of warrants, and performing special projects.

Budgetary Procedures

The fiscal year of the Village begins on March 1 and ends on the last day of February. The Mayor is the chief budget officer of the Village. The tentative budget for the next fiscal year is sent to the Board on or before December 20th of each year. The Board may make such changes and revisions as they deem appropriate subject to the provisions of the Village Law. Public hearings on the budget are held on or before its adoption. Members of the public may express their views on the budget, but there is no provision for a referendum on the budget. Following the public hearing, the Board adopts the final budget not later than January 31st. A copy of such budget must be filed with the Village Clerk and is available for public inspection. (See "TAX INFORMATION - Tax Levy Limit Law", herein.)

Formal integration of the budget with the accounting system is used during the year as a management tool for all governmental funds.

State Aid

The Village receives financial assistance from the State. If the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Village, may be affected by a delay in the payment of State aid. 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 Village, in this year or future years, the Village may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments.

Although the Village cannot predict at this time whether there will be any delays and/or reductions in State aid in the current year or in future fiscal years, the Village may be able to mitigate the impact of any delays or reductions by reducing expenditures, increasing revenues appropriating other available funds on hand, and/or by any combination of the foregoing.

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

The following table sets forth the percentage of the Village’s General Fund revenue comprised of State aid for each of the fiscal years 2021 through 2025, and as budgeted for 2026 and 2027.

<u>Fiscal Year Ending Feb 28 or 29</u>	<u>Total Revenue</u>	<u>State Aid</u>	<u>State Aid to Revenues (%)</u>
2021	\$69,509,680	\$ 846,991	1.22
2022	70,015,649	1,418,757	2.03
2023	70,903,671	1,033,616	1.46
2024	82,182,169	1,384,959	1.69
2025	73,501,793	2,531,848	3.44
2026 (Budgeted)	76,481,350	1,317,200	1.72
2027 (Budgeted)	78,531,040	1,317,211	1.68

Sources: Audited Financials of the Village (2021-2025) and Adopted Budget of the Village (2026 and 2027).

Employees

The Village provides services through 329 full-time employees and 139 part-time employees. The full-time employees of the Village are represented by the following unions:

<u>No. of Employees Represented</u>	<u>Union Representation</u>	<u>Contract Expiration Date</u>
99	Freeport Police Benevolent Association	02/29/2028
201	CSEA	02/28/2030
29	Non-Union (full-time)	n/a

Employee Pension Benefits

Substantially all employees of the Village are members of the New York State and Local Employees’ Retirement System (“ERS”) or the New York State Local Police and Fire Retirement System (“PFRS”). The obligations of employers and employees to contribute and the benefits to employees are governed by the New York Retirement and Social Security Law (“NYSRSSL”). The system offers retirement benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited services.

NYSRSSL provides that all employers in the ERS are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to participating employers. Participating employers are required to make a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible. All full-time employees and certain part-time employees, participate in the retirement system. Since the Village joined the ERS after July 27, 1976, each participating employee hired on or before December 31, 2009 is required to contribute 3% of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary.

The Village is authorized to establish a retirement contribution reserve fund for the purpose of financing retirement contributions in the future. The New York State Retirement System has advised the Village that municipalities can elect to make employer contribution payments in December of any year, prior to the scheduled payment date in the following February. If such payments are made in December prior to the scheduled payment date of February, such payments may be made at a discount amount.

The employer contribution rate for the State’s Retirement System continues to be higher than the 4.5% minimum contribution rate established by law. The State calculates contribution amounts based upon a five-year rolling average. As a result, contribution rates are expected to remain higher than the minimum contribution rates set by law in the near-term. To mitigate the expected increases in the employer contribution rate, legislation has been enacted that permits local governments and school districts to borrow a portion of their required payments from the State pension plan at an interest rate of 5%. The legislation also requires those local governments and school districts, who decide to amortize their pension obligations pursuant to the law, to establish reserve accounts to fund payment increases that are a result of fluctuations in pension plan performance. Legislation has been enacted from time to time that authorizes villages to amortize or defer a portion of its annual employer pension payments.

The State’s FY 2023 budget partially rolled-back certain pension reforms previously approved in 2010 and 2012. Under such reforms Tier 5 and Tier 6 employees were required to accumulate 10 years in the system before being vested. The State’s FY 2023 budget rolled back the required number of years to be accumulated to five.

On September 4, 2025, Comptroller DiNapoli announced that State and local governments would have to contribute more to the public pension system for the next State fiscal year 2026-2027. The estimated average employer contribution for ERS increased from 16.5% to 17.6% of payroll and PFRS increased from 33.7% to 36.5% of payroll. Comptroller DiNapoli maintained the long term assumed rate of return on the funds investments at 5.9%.

The Village made the following contributions to the Retirement Systems:

Fiscal Year Ending Feb 28 or 29	ERS	PFRS	Amount Amortized
2020	\$3,235,352	\$4,483,274	\$ 0
2021	3,280,205	4,776,405	0
2022	3,807,820	5,644,379	0
2023	3,247,890	5,632,735	0
2024	2,688,371	5,626,366	0
2025	2,978,292	5,891,434	544,365
2026	3,142,366	6,259,748	1,162,225

Source: Invoices from the New York State Retirement System. Table itself not audited.

The Village’s General Fund FY 2027 Adopted Budget includes \$2,020,224 and \$6,765,458 for its ERS and PFRS annual contributions.

The Village amortized a portion of its pension liabilities in FY 2025 and FY 2026. The Village’s general fund expects to amortize \$1,590,842 in FY 2027 for its pension liabilities.

A more in-depth discussion of ERS, PFRS and the Village’s pension liabilities appears in the Village’s most recently available audited financial statements, attached as Appendix B.

Other Post Employment Benefits

GASB Statement No. 45 (“GASB 45”) (superseded by 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 post-employment benefits (“OPEB”). GASB 45 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 45 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.

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 employers) 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 ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the unfunded liabilities actually be funded, only that the Village account for its unfunded accrued liability and compliance in meeting its ARC. Actuarial valuations are required every 2 years for the Village.

For the fiscal year ended February 28, 2019, the Village implemented the provisions of GASB Statement No. 75 (“GASB 75”). This statement addresses accounting and financial reporting for OPEB by establishing standards for recognizing and measuring liabilities, deferred outflows/inflows of resources and expenses/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to the periods of employee service. This statement supersedes the provisions of GASB 45. The primary distinction between the two standards is that since no mechanism exists under current New York State law for New York municipalities and school districts to pre-fund these obligations in an irrevocable trust, entities must now report their total OPEB liability as opposed to the net OPEB liability that has been reported under the prior standard.

The Village contracts with an actuarial firm to perform the required analysis. A summary of the results of the analysis appears in the Village’s most recently available Audited Financial Statements, attached as Appendix B.

Should the Village be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the Village’s finances and could force the Village to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the Village to partially fund its actuarial accrued OPEB liability. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the Village has decided to continue funding the expenditure on a pay-as-you-go basis.

Unemployment Rate Statistics

The following tables provide information concerning employment in the Village, the County and the State.

<u>Annual Averages:</u>	<u>Village of Freeport</u>	<u>County of Nassau (%)</u>	<u>New York State (%)</u>
2020	10.6	8.3	10.0
2021	6.2	4.7	7.2
2022	3.9	3.0	4.4
2023	3.8	3.1	4.2
2024	4.0	3.3	4.3
2025	3.6	3.3	4.2

Source: US Department of Labor – Bureau of Labor and Statistics. Data extracted on February 2, 2026 (Note: Figures not seasonally adjusted).

Cybersecurity

The Village, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Village faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Village has implemented certain security and operational control measures, and has cybersecurity liability protection included within one of its general liability insurance policies of the Village. However, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Village digital networks and systems and the costs of remedying any such damage could be substantial. The Village has not experienced any known data breaches to date.

Other Information

The statutory authority for the power to spend money for the objects or purposes, or to accomplish the objects or purposes for which the Notes are to be issued is the Village Law, the General Municipal Law and other applicable law.

Except to the extent shown in “Estimated Overlapping Indebtedness,” this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the Village.

No principal or interest upon any obligation of the Village is past due. The fiscal year of the Village is March 1 through February 28th or 29th.

FINANCIAL INFORMATION

Financial Statements

The Village has retained independent certified public accountants to audit its financial affairs. The most recent audit covers the fiscal year ended February 29, 2025 and is included as a part of this Official Statement as Appendix B. The accounting policies of the Village conform to generally accepted accounting principles as they are applicable to governments. The Government Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A summary of Revenues, Expenditures and Fund Balance - General Fund, Revenues, Expenditures and Fund Balance - Electric Fund, Revenues, Expenditures and Fund Balance - Water Fund, Balance Sheets - General Fund, Balance Sheets - Electric Fund, Balance Sheets - Water Fund, and Comparison of Budget and Actual Results for the Village is included as Appendix A.

The Village schedules inter-transfers between its General Fund, Water Fund, Capital Fund and Village Utility Enterprise Funds throughout the year, some of which remain uncleared at fiscal year-end. (See Appendix A, Appendix B, including Note #3 to the financial statements, which depicts inter-fund transactions and "VILLAGE - Freeport Electric Utility", herein.)

New York State Comptroller's Office Fiscal Stress Designation

The Village has been designated by the Office of the New York State Comptroller as having "No Designation," having been assigned a fiscal score of 32.9%, based on its "Fiscal Stress Monitoring System 2025 List". (See "OFFICE OF THE NEW YORK STATE COMPTROLLER'S FISCAL STRESS MONITORING SYSTEM," herein).

Statutes Governing Village Investment Policy

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

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

The Village has adopted an investment policy which states that the Village will comply with the requirements of New York State statutes, as stated above, concerning the investment of Village monies.

Restatement of FY 2022 and FY 2023 Financial Statements

The Village's general fund purchases electricity from its electric fund in the normal course of business. These receivables are paid through cash transfers and by providing administrative services on behalf of the Village's electric fund.

The Village is in the process of applying to the New York State Public Service Commission for an electric utility rate increase. During the course of developing electric utility financial data, Village auditors determined that the portion of electric utility receivables redeemed from administrative services was never credited by the electric fund resulting in an over overstatement of accounts receivable and understatement of expenses of approximately \$1.024 million.

In addition, it was determined that the General Fund was netting these interfund revenues against utility charges, resulting in an equal understatement of revenues and expenditures of \$1.024 million, and no fund balance impact.

Village auditors have prepared restated Village financial statements for the Village’s fiscal year ended 2022 and 2023. The summaries of Village financial statements included herein “APPENDIX A” have been updated to include such restated information.

Fiscal Year 2024 - 2025 General Fund

For the fiscal year ended February 28, 2025, based on audited results prepared by independent certified public accountants retained by the Village, the Village’s general fund revenues and other financing sources were \$78,405,892. The Village’s general fund expenditures and other financing uses were \$84,159,478. Operating results produced a deficiency of expenditures and other uses over revenue and other sources of \$5,753,586. The Village’s FY 2025 ending cumulative fund balance in its general fund is \$16,735,951.

TAX INFORMATION

Real Property Taxes

The Village derives a major portion of its revenues from a tax on real property (See “Statement of Revenues, Expenditures and Changes in Fund Balance” in Appendix A, herein.) On June 24, 2011, the Tax Levy Limit Law was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the Village, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the Village. The Village may, however, override the tax levy limit by adopting a local law. (See “TAX INFORMATION - Tax Levy Limit Law,” herein.)

<u>Fiscal Year Ended May 31:</u>	<u>Total Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues (%)</u>
2021	\$69,509,680	\$45,669,822	65.70
2022	70,015,649	43,575,852	62.24
2023	70,903,671	43,562,865	61.44
2024	82,182,169	42,726,927	51.99
2025	73,501,793	44,309,982	60.28
2026 (Budgeted)	76,481,350	43,405,015	56.75
2027 (Budgeted)	78,531,040	45,146,710	57.49

Source: Village of Freeport, NYS Comptroller’s Office and NYS Office of Real Property Management

The Village’s 2026-2027 adopted general fund budget includes a final assessed valuation of \$71,802,212.

Tax Certiorari Matters

During the last decade, the Village has been confronted by several tax certiorari proceedings, instituted primarily by the owners of commercial properties, seeking a reduction of the assessed value of said properties and a refund of excess taxes paid by them. In fiscal years 2017 and 2018, the Village funded tax certiorari judgement payments through budget appropriations and debt issuance. As of FY 2019, the Village has been funding tax judgement through debt issuance only.

The following table summarizes recent Village tax certiorari and small claim tax refunds (“SCARS”) activity:

Year Ending Feb. 28th: or 29th:	2022	2023	2024	2025	2026 (Unaudited)
Budget	\$1,250,000	\$1,250,000	\$1,250,000	\$1,250,000	\$775,000
Expended - Tax Certioraris	538,367	623,873	438,430	345,140	504,910
Expended - SCARS ^a	25,256	149,405	122,033	52,113	28,451
Totals:	<u>\$563,623</u>	<u>\$773,278</u>	<u>\$560,463</u>	<u>\$397,253</u>	<u>\$553,361</u>
Original (“New Money”) Tax Certiorari Financings ^b	\$600,000	\$850,000	\$585,000	\$485,000	\$534,000

⁽¹⁾ Small claim tax refunds (“SCARS”)

⁽²⁾ Includes associated costs

As of February 2, 2026, the Village paid \$468,482 in tax certs and \$28,451 in SCARS. The Village’s FY 2026 and FY 2027 Budgets contains \$775,000 for the payment of its tax certioraris and SCARS, however as indicated in the above table, the Village expects to issue debt to meet its tax certiorari and SCAR liabilities.

During fiscal years 2021 through 2025, Village budgets included non-tax revenue, funded by interest earnings on an account dedicated to offset its tax certiorari borrowings. Those claims in excess of such interest earnings were paid through the issuance of debt. The Village closed-out this account commencing with its 2025-2026 budget and is funding tax judgement payments through the issuance of debt.

The Village reserves the right to finance any judgment or settlement, so as to mitigate any impact on the current budget or future budgets.

Constitutional Taxing Power

(See also “TAX INFORMATION - Tax Levy Limit Law” herein.)

Fiscal Year Ending Feb. 28th: or 29th:	<u>2025</u>	<u>2026</u>
Five Year Average Full Valuation	\$4,596,869,106	\$4,950,243,584
Tax Limit (2%)	91,937,382	99,004,872
Add: Total Exclusions	7,835,561	7,508,254
Total Taxing Power	99,772,943	106,513,126
Less Tax Levy	43,353,584	43,335,015
Tax Margin	<u>\$56,419,359</u>	<u>\$63,178,111</u>
Percent of Tax Limit Exhausted	<u>38.63%</u>	<u>36.19%</u>

Source: New York State Comptroller’s Office and Village of Freeport

Tax Collection Procedure

Property taxes are levied annually no later than March 1 and become a lien on the first day of the levy year. Taxes are paid in two equal installments on March 1 and September 1. The first half of real property taxes becomes delinquent after April 1 and the second half becomes delinquent after October 1. Thereafter, penalties and interest are imposed pursuant to the Real Property Tax Law.

After the certification and return of the tax warrant to the Board of the uncollected tax items, an annual sale of the tax liens is held pursuant to the provisions of the Real Property Tax Law. Tax Sale Certificates are issued for all uncollected property taxes, in anticipation of the sale of properties in satisfaction of the property tax liens. Unsold tax liens covered by Tax Sale Certificates are fully reserved.

Larger Taxpayers

The following table lists taxable assessments of the Village’s largest taxpayers:

Name	Type	Assessed Valuation ^b
J-Power	Utility	\$1,765,764
KeySpan Gas	Utility/Special Franchise	1,239,905
Kir Meadowbrook 027 LLC	Regional Shopping Center	582,550
Home Depot USA Inc.	Manufacturing	545,772
Nassau Community Mental Retardation Svc. Co. Inc.	Not-for-profit	512,400
BSD Management RE Holding	Nursing Home	458,400
TT of Freeport Inc.	Automotive Dealer	338,461
L E Woodward	Education	310,450
Anchorage Freeport Owners Corp	Residential Cooperative	300,509
Realty Income PA Properties	Retail	299,875
Total^a		\$6,354,086

Source: Village of Freeport

(a) This taxpayer has a pending tax cert case against the Village. (See “TAX INFORMATION-Tax Certiorari Matters” and “LITIGATION” herein).

(b) May include multiple properties

Real Estate Taxes and Tax Collection Record

	2022	2023	2024	2025	2026 as of 2/2/2026
Levy and Tax Collections:					
Taxes on Roll	\$43,444,488	\$43,573,766	\$43,460,126	\$44,309,982	\$44,322,789
Collections During Year					
Taxes Collections (includes mid-year adjustment) ^a	42,426,331	41,818,351	42,089,510	41,743,502	41,850,381
Tax Lien Sale (current years taxes) ^b	1,173,628	1,588,928	1,344,026 ^b	1,636,189	1,472,408
Total Collections During Year	\$43,444,488	\$43,573,766	\$43,460,126	\$43,318,584	\$43,333,462
% Collected Taxes End of Year	97.66%	95.97%	96.85%	94.21%	94.42%
% Collected Taxes End of Year (including tax liens)	100.36%	99.62%	99.94%	97.90%	97.74%

Source: Village of Freeport

(a) Collection figures account for payments of penalties, delinquent taxes, and interest and advertising costs associated with the lien sales.

(b) The Village conducts its annual lien sale in December of each year and annual bulk lien sale in January of each year.

Tax Rate per \$1000 (Assessed)

Year Ending Feb. 28th or 29th:	<u>2020</u>	<u>2021</u> ^(a)	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u> ^(b)
Tax Rate	\$622.96	\$655.53	\$622.96	\$622.96	\$616.49	\$615.61	\$615.61	\$627.79

Source: New York State Comptroller's Office and Village of Freeport

^(a) The Village issued a tax rebate in FY 2021 thereby mitigating this tax rate to \$622.96 per \$1,000 AV.

^(b) The Village's FY 2027 tax rate is based on a taxable assessed valuation of \$71,802,212.

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limit Law"), all the taxable real property within the Village had been subject to the levy of ad valorem taxes to pay the bonds and notes of the Village and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the Village for any fiscal year commencing after January 1, 2012, without providing an exclusion for debt service on obligations issued by the Village. As a result, the power of the Village to levy real estate taxes on all the taxable real property within the Village is subject to statutory limitations set forth in Tax Levy Limit Law, unless the Village complies with certain procedural requirements to permit the Village to levy certain year-to-year increases in real property taxes.

The following is a brief summary of certain relevant provisions of Tax Levy Limit Law. The summary is not complete and the full text of the Tax Levy Limit Law should be read in order to understand the details and implications thereof.

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Village, subject to certain exceptions. The Tax Levy Limit Law permits the Village to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor", which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The Village is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the Village, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Village. The governing board of the Village may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the governing board of the Village first enacts, by a vote of at least sixty percent of the total voting power of the governing board of the Village, a local law to override such limit for such coming fiscal year.

The Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the Village or such indebtedness incurred after the effective date of the Tax Levy Limit Law. As such, there can be no assurances that the Tax Levy Limit Law will not come under legal challenge for violating (i) Article VIII, Section 12 of the State Constitution for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) Article VIII, Section 10 of the State Constitution by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) Article VIII, Section 2 of the State Constitution by limiting the pledge of its faith and credit by a municipality or school district for the payment of debt service on obligations issued by such municipality or school district.

VILLAGE INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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

General. The Village 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 Village so as to prevent abuses in taxation and assessments and in contracting indebtedness; however, as has been noted under “DESCRIPTION OF THE NOTES - Nature of Obligation”, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Village to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Village’s power to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in the Tax Levy Limit Law. (See “TAX INFORMATION - Tax Levy Limit Law” herein.)

Statutory Procedure

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

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

The Local Finance Law also provides for a twenty-day statute of limitations after publication of a bond resolution, together with a statutory notice which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. Except on rare occasions, the Village complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

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 “VILLAGE INDEBTEDNESS - Constitutional Requirement”).

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

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Bonds	\$74,515,000	\$74,562,337	\$66,891,490	\$57,874,991	\$48,845,000	\$40,415,000
BANs	14,037,500	11,380,576	17,414,381	16,545,670	31,531,456	49,828,083
Total Debt Outstanding	<u>\$88,552,500</u>	<u>\$85,942,913</u>	<u>\$84,305,871</u>	<u>\$74,420,661</u>	<u>\$80,376,456</u>	<u>\$90,243,083</u>

Source: Audited Financial Statements of the Village unless otherwise noted.

Computation of Debt Limit

The following table sets forth the debt limitation of the Village:

Fiscal Year Ending May 31:	Assessed Valuation	State Equal. Rate (%)	Full Valuation
2022	\$69,774,410	1.51	\$4,620,821,854
2023	69,635,686	1.50	4,642,379,067
2024	70,365,679	1.30	5,412,744,538
2025	70,466,190	1.22	5,775,917,213
2026	70,393,618	1.10	6,399,419,818
Total Five Year Full Valuation			\$26,851,282,491
Average Five Year Full Valuation			5,370,256,498
Debt Limit - 7% of Average Full Valuation			375,917,955
Inclusions - Bonds:			
General Purpose Bonds			16,964,914
Water			2,744,977
Electric Utility			20,705,109
Total Bonds Inclusions			40,415,000
Inclusions - Notes:			
General Purpose Bonds			33,558,822
Water			2,542,500
Electric Utility			10,580,000
Total Inclusions			46,681,322
Exclusions:			
Water Bonds			2,744,977
Water Notes			2,542,500
Utility Bonds			20,705,109
Utility Notes			10,580,000
Total Exclusions			36,572,586
Total Net Indebtedness			50,523,736
Net Debt Contracting Margin			\$325,394,219
Percent of Debt Contracting Margin Exhausted (%)			13.44

Source: NYS Comptroller's Office and NYS Office of Real Property Management

Estimated Overlapping Indebtedness

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

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Nassau	03/31/25	1.72	\$55,442,274	\$49,748,988
Town of Hempstead	06/02/25	3.20	19,546,647	13,155,840
Freeport UFSD	06/30/25	71.00	2,165,500	2,165,500
Baldwin UFSD	12/19/25	5.00	550,000	287,650
Great Neck UFSD	12/12/25	5.00	<u>3,317,000</u>	<u>578,615</u>
Totals			<u>\$81,021,420</u>	<u>\$65,936,593</u>

Source: Annual Reports of the respective units for the most recently available fiscal year from the office of the NYS Comptroller or more recently published Official Statements.

(a) Pursuant to applicable constitutional and statutory provisions, this indebtedness is deductible from gross indebtedness for debt limit purposes.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Village as of March 1, 2026 (figures rounded).

<u>Maturity</u>	<u>2026 to 2041</u>	<u>Amount</u>
Bonds		
General Fund Debt	\$16,964,914	
Water Fund Debt	2,744,977	
Electric Fund Debt	<u>20,705,109</u>	
Total Bonds		40,415,000
Bond Anticipation Notes		
Bond Anticipation Notes - 2026 Series A	February 26, 2027	2,317,425
Bond Anticipation Notes - 2025 Series C	April 24, 2026	12,925,000
Bond Anticipation Notes - 2025 Series D (Federally Taxable)	April 24, 2026	3,765,000
Bond Anticipation Notes - 2025 Series E	October 16, 2026	9,500,000
Bond Anticipation Notes - 2025 Series F	November 12, 2026	18,778,697
Bond Anticipation Notes - 2026 Series B	April 24, 2026	2,541,961
Total Bond Anticipation Notes		<u>49,828,083</u>
Total Debt Outstanding		<u>\$90,243,083</u>

Bonded Debt Service

The following table reflects the debt service requirements to maturity on the Village's outstanding bonded debt as of April 6, 2026 (figures rounded):

Fiscal Year Ending May 31:	Principal	Interest	Total
2027	\$5,745,000	\$799,673	\$6,544,673
2028	5,835,000	692,888	6,527,888
2029	5,780,000	578,416	6,358,416
2030	5,335,000	466,310	5,801,310
2031	5,145,000	359,018	5,504,018
2032	5,275,000	246,055	5,521,055
2033	970,000	174,844	1,144,844
2034	1,005,000	148,081	1,153,081
2035	1,020,000	120,619	1,140,619
2036	1,050,000	92,531	1,142,531
2037	1,075,000	63,694	1,138,694
2038	800,000	38,994	838,994
2039	345,000	25,444	370,444
2040	345,000	18,544	363,544
2041	345,000	11,428	356,428
2042	345,000	3,881	348,881
Totals:	\$40,415,000	\$3,840,420	\$44,255,420

Source: Village of Freeport

Debt Ratios

The following is a tabulation of certain debt ratios for the Village.

	Amount	Per Capita ^a	Percentage of Full Value (%) ^b
Total Direct Debt	\$40,415,000	\$917	0.632
Net Direct Debt	50,523,736	1,146	0.790
Total Direct & Applicable Total Overlapping Debt	121,436,420	2,754	1.898
Net Direct & Applicable Net Overlapping Debt	116,460,329	2,642	1.820

Source: Data and table itself not audited

⁽¹⁾ As reported in the Village's Annual Financial Information and Operating Data Reports.

Capital Project Plans

The Village will have the following authorized and unissued debt after the issuance of the Notes:

<u>Purposes</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Amount Issued</u>	<u>Amount Remaining</u>
Reconstruction of certain components of the Village's electric system	11/21/2016	\$985,000	\$50,000	\$935,000
Construction of recreation and park improvements	2/3/2020	906,500	827,600	78,900
Acquisition of a truck	7/26/2021	150,000	0	150,000
Construction of road improvements to Nassau Avenue	3/28/2022 amended 10/3/2022	1,000,000	855,000	145,000
Acquisition of a truck for use by the Electric Department	7/12/2021	93,000	0	93,000
Construction of electric system improvements	2/26/2024	3,510,000	0	3,510,000
Replacement of a bulkhead along Guy Lombardo Avenue	2/26/2024	446,250	0	446,250
Construction of various improvements too Well No. 9	2/26/2024	525,000	0	525,000
Construction of security improvements to wells and towers	2/26/2024	315,000	0	315,000
Prince Avenue Water Tank engineering study	2/26/2024	52,500	0	52,500
Acquisition of various vehicles for use by the Police department	2/26/2024	514,000	225,000	289,000
Purchase of equipment for use by the Police Department	2/26/2024	320,000	0	320,000
Acquisition and installation of ductless air conditioning units at various locations	2/26/2024	20,000	0	20,000

Equipment for use by the Police Department	1/13/2025	1,165,500	1,012,200	153,300
Authorizing the payment of tax certiorari judgements, compromised claims and settled claims payable in the fiscal year ending February 28, 2026, resulting from court orders pursuant to tax certiorari proceedings brought under Article Seven of the Real Property Tax Law	3/24/25	813,750	534,000	279,750
	10/3/2022 amended 4/7/2025	787,500	219,000	568,500
Construction of various sewer improvements in the Village	1/26/2026	534,000	0	534,000
Financing of settled claims resulting from tax certiorari proceedings brought pursuant to Article 7 of the New York Real Property Tax Law	1/26/2026	1,845,331	0	1,845,331
Acquisition of two fire fighting vehicles for use by then Village fire department	7/14/2025	<u>315,000</u>	<u>0</u>	<u>315,000</u>
Acquisition of equipment for use by then Village fire department				
Totals:		<u>\$14,298,331</u>	<u>\$3,722,800</u>	<u>\$10,575,531</u>

REMEDIES UPON DEFAULT

Neither the Notes, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Notes should the Village default in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Notes upon the occurrence of any such default. The Notes are general obligation contracts between the Village and the owners for which the faith and credit of the Village are pledged and while remedies for enforcement of payment are not expressly included in the Village's contract with such owners, any permanent repeal by statute or constitutional amendment of a note holder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Notes, at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the Village. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. 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. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such Notes from funds lawfully available therefor or, in the absence thereof, to order the Village to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the Village and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Notes, the owners of such Notes could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the Village to assess, levy and collect an *ad valorem* tax, upon all taxable property of the Village subject to taxation by the Village, sufficient to pay the principal of and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of holders of bonds or notes of the Village, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

As a result of the Court of Appeals decision, 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 authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Village.

Pursuant to Article VIII, Section 2 of the State Constitution, the Village is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically this constitutional provision states: "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. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), 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 the 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 or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

While the courts in the 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.

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of holders of bonds or notes, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

MUNICIPAL BANKRUPTCY

The undertakings of the Village should be considered with reference, specifically, to Chapter IX of the Bankruptcy Act, 11 U.S.C. §401, et seq., as amended (“Chapter IX”) and, in general, to other bankruptcy laws affecting creditors’ rights and municipalities. Chapter IX permits any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts (i) to file a petition in a Court of Bankruptcy for the purpose of effecting a plan to adjust its debts provided such entity is authorized to do so by applicable state law; (ii) directs such a petitioner to file with the court a list of a petitioner’s creditors; (iii) provides that a petition filed under such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; (iv) grants priority to debt owed for services or material actually provided within three (3) months of the filing of the petition; (v) directs a petitioner to file a plan for the adjustment of its debts; and (vi) provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds (2/3) in amount or more than one-half (1/2) in number of the listed creditors.

Bankruptcy proceedings by the Village could have adverse effects on holders of bonds or notes including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the Village after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claim or the “indubitable equivalent”. The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

Accordingly, enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the Village, may become subject to Chapter IX and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor’s rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against public agencies in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion, interpretation and of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

The State has consented (see Title 6-A of the Local Finance Law) that any municipality in the State may file a petition with any 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. However, it is noted that there is no record of any recent filings by a New York municipality. Since the New York City fiscal crisis in 1975, the State has enacted legislation establishing financial control boards and fiscal stability authorities to monitor finance matters and restructure outstanding indebtedness for the Cities of Yonkers, Troy and Buffalo and for the Counties of Nassau and Erie. Similar active intervention pursuant to State legislation to relieve fiscal stress for the Village in the future cannot be assured.

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

The above references to the Bankruptcy Act are not to be construed as an indication that the Village is currently considering or expects to resort to the provisions of the Bankruptcy Act.

Financial Control Boards

Pursuant to Article IX Section 2(b)(2) of the State Constitution, any municipality 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 in certain cases approve or disapprove collective bargaining agreements. Implementation is generally 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, upon the issuance of a certificate of necessity of the Governor reciting facts which in the judgment of the 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 a 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 in the finances and operations of entities such as the public benefit corporations established by special acts as described above.

Several municipalities in the State are presently working with the FRB. The Village has not applied to the FRB and does not reasonably anticipate submission of a request to the FRB for a comprehensive review of its finances and operations. School districts and fire districts are not eligible for FRB assistance.

No Past Due Debt

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

LITIGATION

As with other Villages, the Village from time to time receives notices of claim and is a party to litigation.

In the opinion of the Village Attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending which, if decided against the Village, would have an adverse material effect on the financial condition of the Village. (See also “TAX INFORMATION - Tax Certiorari Matters” herein.

OFFICE OF THE NEW YORK STATE COMPTROLLER’S FISCAL STRESS MONITORING SYSTEM

The New York State Comptroller has reported that New York State’s municipalities and school districts 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, objective and quantifiable information to municipal and school district officials and the general public regarding the various levels of fiscal stress, under which the State’s municipalities and school districts are operating.

The fiscal stress scores are calculated using financial data that is filed in annual update documents (AUDs) by each local government and in annual financial reports (ST-3s) for each school district. Using financial indicators that include year-end fund balances, cash positions, patterns of operating deficits and types of debt issuance, the system creates an overall fiscal stress score. The maximum fiscal stress score which can be assigned is 100%. Classifications are based on the following scores between: 100% to 65% - “significant fiscal stress,” 64.9% to 55% - “moderate fiscal stress,” 54.9% to 45% - “susceptible fiscal stress,” and 44.9% to 0% - “no designation.” A “no designation” 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, does not generate sufficient points to place them in one of the three established stress categories. (See also “FINANCIAL INFORMATION - New York State Comptroller’s Office Fiscal Stress Designation” herein.)

A copy of the “Fiscal Stress Monitoring System Report” is available on the website of the Office of the New York State Comptroller, <http://www.osc.state.ny.us>. It is being provided for informational purposes only. The information or links contained therein or any other website, which might be contained herein, are not a part of this Official Statement, unless stated otherwise. Furthermore, reference to such website(s) implies no warranty to the accuracy of its content and that accessing such website(s) is void of cybersecurity risk.

RISK FACTORS

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

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

If and when an owner of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Notes. The market value of the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Note is sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the Village to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The Village is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received (“State Aid”). The availability of such monies and the timeliness of such payment may be affected by a delay in the adoption of the State budget, the impact to the State’s economy and financial condition due to a public health emergency similar to the COVID-19 outbreak and other circumstances, including State fiscal stress. State aid appropriated and apportioned to the Village can be paid only if the State has such monies available therefore. Should the Village fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the Village is authorized pursuant to the Local Finance Law (“LFL”) to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the Village will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid would likely have a materially adverse effect upon the Village requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. (See also “THE VILLAGE - State Aid” herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see “TAX MATTERS” herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Village, without providing exclusion for debt service on obligations issued by municipalities and fire districts, including the Village, may affect the market price and/or marketability for the Notes. (See “TAX INFORMATION - The Tax Levy Limit Law” herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the Village could impair the financial condition of such entities, including the Village and the ability of such entities, including the Village to pay debt service on the Notes.

LEGAL MATTERS FOR THE SERIES C NOTES

The legality of the authorization and issuance of the Series C Notes will be covered by the approving legal opinion of Harris Beach Murtha Cullina PLLC, New York, New York, Bond Counsel to the Village. Such legal opinion will state that in the opinion of Bond Counsel (i) the Series C Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Village, all the taxable property within which is subject to the levy of ad valorem taxes to pay the Series C Notes and interest thereon, subject to certain applicable statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended (see “REAL PROPERTY TAXES – Tax Levy Limit Law” within Appendix A herein); provided, that the enforceability (but not the validity) of the Series C Notes may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or Federal) affecting the enforcement of creditors’ rights; (ii) under existing statutes, regulations, administrative rulings and court decisions, interest on the Series C Notes is excluded from the gross income of the owners thereof for Federal income tax purposes, is not an “item of tax preference” for purposes of the Federal alternative minimum taxes imposed on individuals, however, interest on the Series C Notes held by certain corporations that are subject to the Federal corporate alternative minimum tax is included in the computation of “adjusted financial statement income” for purposes of the Federal alternative minimum tax imposed on such corporations; (iii) interest on the Series C 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); and (iv) based upon Bond Counsel's examination of law and review of the arbitrage and use of proceeds certificate executed by the Village Treasurer of the Village pursuant to Section 148 of the Code and the regulations thereunder, the facts, estimates and circumstances as set forth in said arbitrage certificate are sufficient to satisfy the criteria which are necessary under Section 148 of the Code to support the conclusion that the Series C Notes will not be "arbitrage bonds" within the meaning of said section, and no matters have come to Bond Counsel's attention which makes unreasonable or incorrect the representations made in said arbitrage certificate. Bond Counsel expresses no opinion regarding Federal or State income tax consequences arising with respect to the Series C Notes.

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

LEGAL MATTERS FOR THE SERIES D NOTES

The legality of the authorization and issuance of the Series D Notes will be covered by the approving legal opinion of Harris Beach Murtha Cullina PLLC, New York, New York, Bond Counsel to the Village. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Village, all the taxable property within which is subject to the levy of ad valorem taxes to pay the Series D Notes and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended (see "REAL PROPERTY TAXES – Tax Levy Limit Law" herein); provided, that the enforceability (but not the validity) of the Series D Notes may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or Federal) affecting the enforcement of creditors' rights; (ii) under existing statutes, regulations, administrative rulings and court decisions, interest on the Series D Notes is included as gross income of the owners thereof for Federal income tax purposes; and (iii) interest on the Series D 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).

Such legal opinion will also state that (i) in rendering the opinions expressed therein, Bond Counsel has assumed the accuracy and truthfulness of all public records, documents and proceedings examined by Bond Counsel which have been executed or certified by public officials acting within the scope of their official capacities, and has not verified the accuracy or truthfulness thereof, and Bond Counsel also has assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and such certifications thereof; (ii) the scope of Bond Counsel's engagement in relation to the issuance of the Series D Notes has extended solely to the examination of the facts and law incident to rendering the opinions expressed therein; (iii) the opinions expressed therein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Village together with other legally available sources of revenue, if any, will be sufficient to enable the Village to pay the principal of and interest on the Series D Notes as the same become due and payable; (iv) reference should be made to the Official Statement for factual information

which, in the judgment of the Village, would materially affect the ability of the Village to pay such principal and interest; and (v) while Bond Counsel has participated in the preparation of the Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, no opinion is expressed by Bond Counsel as to whether the Village, in connection with the sale of such Series D Notes, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

TAX MATTERS FOR THE SERIES C NOTES

In the opinion of Harris Beach Murtha Cullina PLLC, Bond Counsel to the Village, based on existing statutes, regulations, administrative rulings and court decisions and assuming compliance by the Village with certain covenants and the accuracy of certain representations, interest on the Series C Notes is excluded from gross income for Federal income tax purposes. Bond Counsel is of the further opinion that interest on the Notes is not an “item of tax preference” for purposes of the Federal alternative minimum tax on individuals. However, the Internal Revenue Code of 1986, as amended (the “Code”) imposes a federal corporate alternative minimum tax equal to 15 percent of the “adjusted financial statement income” of corporations (other than S corporations, regulated investment companies and real estate investment trusts) having an average annual “adjusted financial statement income” for the 3-taxable-year period ending with the tax year that exceeds \$1,000,000,000. Interest on tax-exempt obligations such as the Notes is included in the computation of a corporation’s “adjusted financial statement income”.

The Code also imposes various limitations, conditions and other requirements which must be met at and subsequent to the date of issue of the Series C Notes in order that interest on the Series C Notes will be and remain excluded from gross income for federal income tax purposes. Included among these requirements are restrictions on the investment and use of proceeds of the Series C Notes and in certain circumstances, payment of amounts in respect of such proceeds to the federal government. Failure to comply with the requirement of the Code may cause interest on the Series C Notes to be includable in gross income for purposes of federal income tax, possibly from the date of issuance of the Series C Notes. In the arbitrage and use of proceeds certificate to be executed by the Village in connection with the issuance of the Series C Notes, the Village will covenant to comply with certain procedures and it will make certain representations and certifications, designed to assure satisfaction of the requirements of the Code with respect to the Series C Notes. The opinion of Bond Counsel assumes compliance with such covenants and the accuracy, in all material respects, of such representations and certificates.

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

The Series C Notes will not be designated, nor deemed as designated “qualified tax-exempt obligations” within the meaning of, and pursuant to Section 265(b)(3) of the Code.

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

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance and delivery of the Series C Notes may affect the tax status of interest on the Series C Notes.

No assurance can be given that any future legislation or governmental actions, including amendments to the Code or State income tax laws, regulations, administrative rulings, or court decisions, will not, directly or indirectly, cause interest on the Series C Notes to be subject to federal, State or local income taxation, or otherwise prevent Noteholders from realizing the full current benefit of the tax status of such interest. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any judicial decision or action of the Internal Revenue Service or any State taxing authority, including, but not limited to, the promulgation of a regulation or ruling, or the selection of the Series C Notes for audit examination or the course or result of an audit examination of the Series C Notes or of obligations which present similar tax issues, will not affect the market price, value or marketability of the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

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

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

TAX MATTERS FOR THE SERIES D NOTES

In the opinion of Harris Beach Murtha Cullina PLLC, Bond Counsel to the Village, based on existing statutes, regulations, administrative rulings and court decisions and assuming compliance by the Village with certain covenants and the accuracy of certain representations, interest on the Series D Notes is included as gross income for Federal income tax purposes. In addition, interest on the Series D Notes is included in the “adjusted financial statement income” of corporations (other than S corporations, regulated investment companies and real estate investment trusts) having an average annual “adjusted financial statement income” for the 3-taxable-year period ending with the tax year that exceeds \$1,000,000,000.

The Series D Notes WILL NOT be designated by the Village as “qualified tax-exempt obligations” within the meaning of, and pursuant to, Section 265(b)(3) of the Code.

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

Bond Counsel expresses no opinion regarding any other state or local tax consequences related to the ownership or disposition of, or the receipt or accrual of interest on, the Series D Notes.

No assurance can be given that any future legislation or governmental actions, including amendments to the State income tax laws, regulations, administrative rulings, or court decisions, will not, directly or indirectly, cause interest on the Series D Notes to be subject to State or local income taxation, or otherwise prevent noteholders from realizing the full current benefit of the tax status of such interest. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any judicial decision or action of the Internal Revenue Service or any State taxing authority, including, but not limited to, the promulgation of a regulation or ruling, or the selection of the Series D Notes for audit examination or the course or result of an audit examination of the Series D Notes or of obligations which present similar tax issues, will not affect the market price, value or marketability of the Series D Notes. Prospective purchasers of the Series D Notes should consult their own tax advisors regarding the foregoing matters.

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

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

RATING

The Village has NOT applied for a credit rating in connection with the sale of the Notes.

On May 8, 2025, Moody's Investor Services, Inc. ("Moody's") downgraded the Village's issuer rating and general obligation limited tax (GOLT) ratings to A1 from Aa3.

Such rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody's Investors Services, Inc., 7 World Trade Center, New York, New York 10007 (212) 553-0300. There can be no assurance that such rating will not be changed or withdrawn if, in the judgment of such rating agency, circumstances so warrant.

DISCLOSURE UNDERTAKING

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Commission pursuant to the Securities Exchange Act of 1934, the Village has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the EMMA system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties
- (d) substitution of credit or liquidity providers, or their failure to perform
- (e) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Notes
- (f) modifications to rights of Note holders, if material
- (g) note calls, if material and tender offers
- (h) defeasances
- (i) release, substitution, or sale of property securing repayment of the Note
- (j) rating changes
- (k) bankruptcy, insolvency, receivership or similar event of the Village
- (l) the consummation of a merger, consolidation, or acquisition involving the Village or the sale of all or substantially all of the assets of the Village, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (m) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (n) incurrence of a financial obligation of the Village, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Village, any of which affect bondholders, if material; and
- (o) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Village, any of which reflect financial difficulties.

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

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

For the purposes of the event identified in paragraph (l) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Village in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Village, 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 Village.

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

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

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

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

Compliance History

As described in a material event notice filed by the Village dated December 3, 2021, the Village did not file its unaudited nor audited financial statements for the fiscal year ended February 28, 2021 within 9 months of fiscal year end as required by certain disclosure undertakings of the Village. The Village’s audit was subsequently filed on February 28, 2022.

As described in a material event notice filed by the Village dated December 6, 2022, the Village did not file its unaudited nor audited financial statements for the fiscal year ended February 28, 2022 within 9 months of fiscal year end as required by certain disclosure undertakings of the Village. The Village’s audit was subsequently filed on January 4, 2023.

The Village issued its \$585,000 Bond Anticipation Notes - 2024 Series A (Federally Taxable) on February 29, 2024. Such note issue was purchased by a bank and was not reoffered. The Village subsequently filed a Notice of Material Event - Notice of Incurrence of a Financial Obligation on May 9, 2024. Concurrently with such notice, the Village filed a Notice of Material Event - Failure to provide Event Information as Required, in as much as such Notice of Incurrence of a Financial Obligation was filed in excess of ten (10) business days after the incurrence of such financial obligation, as required by certain disclosure undertakings of the Village.

As described in a material event notice filed by the Village dated December 2, 2024, the Village did not file its unaudited nor audited financial statements for the fiscal year ended February 29, 2024 within 9 months of fiscal year end as required by certain disclosure undertakings of the Village.

As described in a material event notice filed by the Village dated March 3, 2025, the Village did not file its audited financial statements for the fiscal year ended February 29, 2024 in February 2025 on the date(s) as required by certain disclosure undertakings of the Village. The Village's audit was subsequently filed on March 26, 2025.

As described in a material event notice filed by the Village dated December 2, 2025, the Village did not file its unaudited nor audited financial statements for the fiscal year ended February 28, 2025 within 9 months of fiscal year end as required by certain disclosure undertakings of the Village.

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 municipal advisor to the Village on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The plan of financing and the structuring of the Notes and Bonds was based on materials provided by the Village and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Village or the information set forth in this Official Statement or any other information available to the Village with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the office of Ismaela M. Hernandez, Village Treasurer, Village of Freeport, 46 North Ocean Avenue, Freeport, NY 11520, email address: ihernandez@freeportny.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>.

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 Village nor Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, Inc. and the Village disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Munistat Services, Inc. and the Village also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

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

Harris Beach Murtha Cullina PLLC, has not participated in the preparation of this Official Statement, nor verified the accuracy, completeness or fairness of the information contained herein, and accordingly, expresses no opinion with respect thereto.

The preparation and distribution of this Official Statement has been authorized by the Village Treasurer pursuant to a note resolution of the Village which delegated to the Treasurer the power to sell and issue the Notes.

This Official Statement has been duly executed and delivered by the Village Treasurer of the Village of Freeport, New York.

VILLAGE OF FREEPORT, NEW YORK

By: s/s ISMAELA M. HERNANDEZ
Village Treasurer and Chief Fiscal Officer

April , 2026

APPENDIX A

FINANCIAL INFORMATION

Balance Sheet
General Fund

	Fiscal Year Ending February 28 or 29:		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
Assets:			
Cash & Cash Equivalents	\$ 1,801,519	\$ 2,032,511	\$ 657,517
Investments	613,603	3,290,220	1,598,682
Investments Restricted/LOSAP	5,652,835	5,698,865	4,951,120
Taxes Receivable	653,277	1,962,378	799,032
Accounts Receivable	1,151,443	536,365	417,991
State & Federal Aid	946,272	190,314	1,169,805
Due from other funds	12,436,063	14,665,283	12,852,632
Due from Other Governments	497,161	646,053	976,715
Leases	15,000,130	15,890,201	15,536,136
Inventory of Materials & Supplies	397,453	447,346	68,363
Property Held for Redevelopment	2,990,000	0	
Prepaid Expenditures	586,155	585,198	638,273
	<u>42,725,911</u>	<u>45,944,734</u>	<u>39,666,266</u>
Total Assets	<u>\$ 42,725,911</u>	<u>\$ 45,944,734</u>	<u>\$ 39,666,266</u>
Liabilities:			
Accounts Payable	\$ 3,260,527	\$ 3,047,769	\$ 3,202,952
Accrued Liabilities	1,282,597	809,799	590,371
Due to Other Funds	1,077,223	1,106,461	2,187,218
Due to Other Governments	8,920	36,900	36,900
Deposits Payable	1,222,453	894,936	1,009,000
Unearned Revenue: Collections in Advanced	11,057	18,807	313,242
	<u>6,862,777</u>	<u>5,914,672</u>	<u>7,339,683</u>
Total Liabilities	<u>6,862,777</u>	<u>5,914,672</u>	<u>7,339,683</u>
Deferred Inflows of Resources	15,456,990	17,113,296	
Deferred Tax Revenue			794,503
Leases			14,796,129
	<u>15,456,990</u>	<u>17,113,296</u>	<u>15,590,632</u>
Total Liabilities and Deferred Inflows of Resources	<u>22,319,767</u>	<u>23,027,968</u>	<u>22,930,315</u>
Fund Balance:			
Nonspendable	983,608	7,075,735	706,636
Restricted	5,652,835	5,698,865	5,692,094
Assigned	225,585	225,585	267,039
Unassigned	13,544,116	9,916,581	10,070,182
	<u>20,406,144</u>	<u>22,916,766</u>	<u>16,735,951</u>
Total Fund Balance	<u>20,406,144</u>	<u>22,916,766</u>	<u>16,735,951</u>
Total Liabilities and Fund Balance	<u>\$ 49,588,688</u>	<u>\$ 28,831,438</u>	<u>\$ 39,666,266</u>

Sources: Audited Financial Statements (2023-2025).

NOTE: This Schedule is NOT audited.

Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund

Fiscal Year Ending February 28 or 29:

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Revenues:					
Real Property Taxes	\$ 445,669,822	\$ 443,572,852	\$ 443,562,865	\$ 442,726,927	\$ 44,309,982
Other Real Property Tax Items	5,832,795	697,344	623,323	475,651	655,947
Non-Property Tax Items	1,179,921	1,180,550	1,105,802	1,016,950	993,984
Departmental Income	6,981,937	8,017,164	8,775,344	9,254,565	9,295,238
Intergovernmental Charges	6,500	6,500	6,500	0	2,732,847
Use of Money and Property	2,122,339	1,845,601	2,144,724	3,654,733	4,024,810
Licenses & Permits	1,768,630	1,781,718	1,766,524	1,453,087	1,313,934
Fine & Forfeitures	2,501,931	4,148,771	4,262,409	4,767,920	4,087,231
Sale of Property & Compensation For Loss	5,965	1,621,327	944,683	14,111,996	161,377
Interfund Revenues	1,276,423	2,283,835	2,719,233	2,480,697	
State Sources	846,991	1,418,757	1,033,616	1,384,959	2,531,848
Federal Sources	197,125	2,257,019	2,928,599	665,623	2,244,459
Net Change in Fair Value of Investments	0	0	0	0	
Miscellaneous	1,119,301	1,184,211	1,030,049	189,061	1,150,136
Total Revenues	<u>69,509,680</u>	<u>70,015,649</u>	<u>70,903,671</u>	<u>82,182,169</u>	<u>73,501,793</u>
Expenditures:					
General Government Support	12,463,742	11,729,040	11,786,947	12,412,846	13,304,422
Public Safety	23,770,959	23,754,510	24,906,455	26,139,355	27,352,406
Health	2,800	2,584	2,258	2,267	2,172
Transportation	2,348,212	2,466,161	2,563,902	2,525,983	2,357,569
Economic Assistance and Opportunity	64,444	121,783	156,808	152,444	146,876
Culture & Recreation	3,035,952	3,300,889	3,661,203	4,268,082	3,967,467
Home & Community Service	3,888,785	4,492,458	4,993,862	5,391,969	5,165,876
Employee Benefits	21,019,185	22,504,535	23,254,253	24,701,073	26,140,472
Capital Outlay	387,727	209,989	348,386	1,534,732	
Debt Services	5,979,383	8,185,750	6,516,870	5,478,272	5,677,815
Total Expenditures	<u>72,961,189</u>	<u>76,767,699</u>	<u>78,190,944</u>	<u>82,607,023</u>	<u>84,115,075</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,451,509)</u>	<u>(6,752,050)</u>	<u>(7,287,273)</u>	<u>(424,854)</u>	<u>(10,613,282)</u>
Other Financing Sources (Uses)					
Insurance Recoveries	189,625	0	0	0	
Sale of Real Property	0	0	0	0	
Proceeds of Obligations	515,000	2,700,000	850,000	585,000	116,865
Premium on Bonds and BANS	0	0	50,668	64,504	485,000
Payment to Debt Escrow	(1,321,019)	0	0	0	
Refunding Bond Issued	1,330,900	0	0	0	
Transfer from Proprietary Funds					4,241,150
Operating Transfers In	377,194	4,618,964	6,921,643	4,812,045	61,084
Operating Transfers Out	(55,000)	(261,000)	(1,609,250)	(2,526,073)	(44,403)
Total Other Financing Sources (Uses)	<u>1,036,700</u>	<u>7,057,964</u>	<u>6,213,061</u>	<u>2,935,476</u>	<u>4,859,696</u>
Excess (Deficiency) of Revenues & Other Financing	<u>(2,414,809)</u>	<u>305,914</u>	<u>(1,074,212)</u>	<u>2,510,622</u>	<u>(5,753,586)</u>
Adjustment to Fund Balance from Prior Year					<u>(427,229)^a</u>
Fund Balance Beginning of Year	<u>23,589,251</u>	<u>21,174,442</u>	<u>21,480,356</u>	<u>20,406,144</u>	<u>22,489,537</u>
Fund Balance - End of Year	<u>\$ 21,174,442</u>	<u>\$ 21,480,356</u>	<u>\$ 20,406,144</u>	<u>\$ 22,916,766</u>	<u>\$ 16,735,951</u>

Sources: Audited Financial Statements (2021-2025).

NOTE: This Schedule is NOT audited.

a. The Village's financial statements have for the year ended February 29, 2024 have been restated as of March 1, 2024.

Village of Freeport

STATEMENT OF NET POSITION
Electric Enterprise Fund

	Fiscal Year Ending February 28 or 29:				
	2021	(Restated) 2022	(Restated) 2023	2024	2025
ASSETS:					
Current Assets:					
Cash	\$1,767,543	\$2,220,377	\$2,691,107	\$2,063,088	\$2,266,197
Investments	3,600,936	0	7,320,742	6,081,129	10,355,874
Investments, restricted	0	4,589,675	0	0	
Accounts Receivable net	5,300,808	5,833,106	5,056,138	5,398,201	5,406,622
Due from Other Funds	347,401	453,864	474,377	366,592	387,054
Inventory of Materials and Supplies	2,201,683	2,356,747	2,960,651	2,688,769	2,786,981
Prepaid Expenses and Other Assets	121,435	141,761	579,181	528,321	539,066
Total Current Assets	13,339,806	15,595,530	19,082,196	17,126,100	21,741,794
Non-Current Assets:					
Non-depreciable capital assets	498,274	1,019,564	3,419,437	1,178,215	268,919
Net pension assets	0	0	2,213,339	0	
Costs to be Recovered From Future Revenues	40,651,813	43,561,655	39,771,559	39,395,595	29,940,884
Regulatory Deposits					890,720
Depreciable capital assets net of accum. depreciation	52,427,688	50,064,317	47,688,728	46,465,597	44,286,119
Regulatory deposit	498,348	579,380	722,606	812,052	
Total Non-Current Assets	94,076,123	95,224,916	93,815,669	87,851,459	75,386,642
Total Assets	107,415,929	110,820,446	112,897,865	104,977,559	97,128,436
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	22,176,989	21,786,312	17,461,353	16,570,491	6,843,767
LIABILITIES:					
Current Liabilities					
Accounts Payable	2,420,065	3,848,071	4,783,306	2,459,273	3,872,752
Accrued Interest Payable	212,692	188,998	188,765	160,134	300,242
Due to Other Funds	3,228,943	5,744,080	9,418,269	12,043,191	9,133,263
Customer Deposits	1,467,163	1,570,173	1,605,066	1,649,347	1,574,239
Regulatory Liabilities	3,504,489	3,954,928	5,460,816	4,998,564	4,335,738
Unearned Revenues	229,241	229,241	229,241	47,734	19,538
Compensated Absences	310,868	318,281	340,000	340,000	395,815
Retirement Incentives and Other Pension Liabilities	190,379	155,920	120,937	54,820	
Bonds Payable	3,678,683	3,872,430	3,948,585	3,747,126	3,677,634
Bond Anticipation Notes Payable	1,596,500	1,437,698	1,367,698	1,310,000	10,711,001
Total Current Liabilities	16,839,023	21,319,820	27,462,683	26,810,189	34,020,222
Non-Current Liabilities					
Bonds Payable, less Current Portion	34,932,961	31,766,224	28,227,641	24,480,513	20,804,308
Compensated Absences, less Current Portion	2,546,332	2,578,039	3,048,929	3,236,970	3,562,340
Net Pension Liability	6,937,013	24,110	0	5,779,241	3,611,269
Other Post Employment Benefit Liabilities	55,084,035	46,494,068	24,009,015	27,417,050	
Retirement Incentives and Other Pension Liabilities, less Current Portion	356,719	200,799	81,313	26,494	
Due within one year					
Total OPEB liability					27,536,329
Total Non-Current Liabilities	99,857,060	81,063,240	55,366,898	60,940,268	55,514,246
Total Liabilities	116,696,083	102,383,060	82,829,581	87,750,457	89,534,468
DEFERRED INFLOWS OF RESOURCES	1,147,041	18,621,334	35,814,264	23,067,018	6,479,752
NET POSITION					
Invested in Capital Assets	12,717,818	14,007,529	17,564,241	18,106,173	10,092,872
Unrestricted (deficit)	(968,024)	(2,405,165)	(5,848,868)	(7,375,598)	(2,134,889)
Total Net Position	\$11,749,794	\$11,602,364	\$11,715,373	\$10,730,575	\$7,957,983

Sources: Audited Financial Statements (2021-2025).

NOTE: This Schedule is NOT audited.

STATEMENT OF ACTIVITIES
Electric Enterprise Fund

	Fiscal Year Ending February 28 or 29:				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Operating Revenues:					
Sale of Electricity	\$31,476,634	\$41,496,982	\$42,874,727	\$38,961,274	40,453,357
Federal Aid	4,050,699				
Other Operating Revenues	\$ 197,108	\$ 238,641	\$ 256,141	\$ 773,881	\$ 212,551
Total Operating Revenues	<u>35,724,441</u>	<u>41,735,623</u>	<u>43,130,868</u>	<u>39,735,155</u>	<u>40,665,908</u>
Operating Expenditures:					
Power Generation	16,544,325	22,844,900	23,936,676	20,352,358	21,491,594
Transmission & Distribution	1,544,701	1,432,145	1,408,626	1,777,749	1,690,569
Street Lighting & Signal System	97,867	114,422	136,684	140,091	127,117
Customers' Accounting & Collection	830,893	809,093	867,337	890,702	785,530
Administrative & General Expenses	13,672,192	9,706,500	10,807,901	11,233,284	12,726,935
Depreciation and Amortization	2,992,878	3,011,668	2,775,720	3,047,645	3,151,884
Charges in Lieu of Taxes	3,747,000				
Miscellaneous	186,093	367,458	79,902	150,100	
Total Operating Expenditures	<u>39,615,949</u>	<u>38,286,186</u>	<u>40,012,846</u>	<u>37,591,929</u>	<u>39,973,629</u>
Operating Income	<u>(3,891,508)</u>	<u>3,449,437</u>	<u>3,118,022</u>	<u>2,143,226</u>	<u>692,279</u>
Nonoperating Revenues (Expenses):					
Interest and Dividend Income	12,759	1,608	135,789	338,243	387,300
Costs to be Recovered From Future Revenues	2,997,955		0	0	
Interest expense	(615,897)	(751,475)	(636,712)	(633,902)	(662,242)
Federal Aid			342,910	14,635	
Operating Transfers Out		(2,847,000)	(2,847,000)	(2,847,000)	(2,847,000)
Total Non-Operating Revenues	<u>2,394,817</u>	<u>(3,596,867)</u>	<u>(3,005,013)</u>	<u>(3,128,024)</u>	<u>(3,121,942)</u>
Net Income (Loss)	<u>(1,496,691)</u>	<u>(147,430)</u>	<u>113,009</u>	<u>(984,798)</u>	<u>(2,429,663)</u>
Total Net Position - Beginning of Year	<u>13,246,485</u>	<u>11,749,794</u>	<u>11,602,364</u>	<u>11,715,373</u>	<u>10,730,575</u>
Prior Period Adjustment					(342,929) ^a
Total Net Position - End of Year	<u>\$ 11,749,794</u>	<u>\$ 11,602,364</u>	<u>\$ 11,715,373</u>	<u>\$ 10,730,575</u>	<u>\$ 7,957,983</u>

Sources: Audited Financial Statements (2021-2025).

NOTE: This Schedule is NOT audited.

a. The Village's financial statements have for the year ended February 29, 2024 have been restated as of March 1, 2024

STATEMENT OF NET POSITION
Electric Enterprise Fund

	Fiscal Year Ending February 28 or 29:				
	2021	2022	2023	2024	2025
Current Assets:					
Cash	\$143,874	\$135,928	\$133,165	\$179,610	\$50,644
Investments	1,055,996		2,605,127	3,114,577	1,078,624
Investments, restricted		2,076,521			
Accounts Receivable net	2,350,579	2,248,885	2,522,338	2,683,428	2,832,118
Due from Other Funds	437,129	498,872	375,634	459,188	551,441
Inventory of Materials and Supplies	91,542	114,599	114,599	114,600	357,002
Prepaid Expenses and Other Assets	16,442	19,272	16,319	16,373	19,093
Total Current Assets	4,095,562	5,094,077	5,767,182	6,567,776	4,888,922
Non-Current Assets:					
Non-depreciable capital assets	85,981	85,981	85,981	85,981	85,981
Net pension assets			387,962		
Costs to be Recovered From Future Revenues	8,926,709	9,566,044	10,180,255	9,486,031	17,680,063
Depreciable capital assets net of accum. depreciation	15,671,443	15,005,961	17,226,361	17,643,180	17,363,187
Total Non-Current Assets:	24,684,133	24,657,986	27,880,559	27,215,192	35,129,231
Total Assets:	28,779,695	29,752,063	33,647,741	33,782,968	40,018,153
DEFERRED OUTFLOWS OF RESOURCES:					
Total Deferred Outflows of Resources	4,401,079	4,315,811	3,367,930	3,480,376	9,065,324
LIABILITIES:					
Current Liabilities					
Accounts Payable	635,629	261,443	1,235,422	492,703	220,143
Accrued Liabilities	37,620	85,607	51,787	5,180	
Accrued Interest Payable	39,525	60,571	97,180	180,502	120,915
Due to Other Funds	397,718	847,164	1,601,625	2,023,364	2,005,720
Bond Anticipation Notes Payable	760,000	373,993	3,017,493	3,995,000	2,638,131
Compensated Absences	35,723	43,418	50,000	49,000	53,756
Retirement Incentives and Other Pension Liabilities	43,895	35,950	21,198	9,609	
Bonds Payable	1,021,919	1,122,535	914,062	928,213	794,293
Total Current Liabilities	2,972,029	2,830,681	6,988,767	7,683,571	5,832,958
Non-Current Liabilities:					
Bonds Payable, less Current Portion	4,556,568	5,368,666	4,488,014	3,559,874	2,765,511
Compensated Absences, less Current Portion	321,510	390,757	448,358	440,981	483,805
Net Pension Liability	1,298,161	4,512	0	1,019,797	623,292
Other Post Employment Benefit Liabilities	12,095,873	10,209,996	6,145,545	7,017,836	6,710,454
Retirement Incentives and Other Pension Liabilities, less Current Portion	82,247	46,297	14,253	-9,609	
Due within one year					
Due in more than one year					
Total Non-Current Liabilities	18,354,359	16,020,228	11,096,170	12,028,879	10,583,062
Total Liabilities	21,326,388	18,850,909	18,084,937	19,712,450	16,416,020
DEFERRED INFLOWS OF RESOURCES	245,199	3,854,122	7,524,082	5,166,178	19,705,392
NET POSITION					
Invested in Capital Assets	9,418,937	8,226,748	8,892,773	9,246,074	11,159,964
Unrestricted (deficit)	2,190,250	3,136,095	2,513,879	3,138,642	1,800,101
Total Net Position	\$11,609,187	\$11,362,843	\$11,406,652	\$12,384,716	\$12,960,065

Sources: Audited Financial Statements (2021-2025).

NOTE: This Schedule is NOT audited.

STATEMENT OF ACTIVITIES
Water Enterprise Fund

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Operating Revenues:					
Water Sales	\$6,333,197	\$6,264,824	\$6,389,194	\$6,556,811	\$6,920,962
Other					\$426,246
Customer Interest Tax Penalties	\$ 16,189	\$ 152,853	\$ 361,193	\$ 424,847	\$
Total Operating Revenues	<u>6,349,386</u>	<u>6,417,677</u>	<u>6,750,387</u>	<u>6,981,658</u>	<u>7,347,208</u>
Operating Expenditures:					
Power and Pumping	2,097,783	2,162,137	2,410,980	2,523,850	1,907,035
Transmission & Distribution	100,228	134,645	357,998	82,174	199,512
Administration & General Expenses	2,487,180	1,751,077	1,432,973	2,366,934	2,120,615
Depreciation and Amortization	806,711	821,981	850,543	951,133	1,001,236
Charges in Lieu of Taxes	1,344,150				
Total Operating Expenditures	<u>6,836,052</u>	<u>4,869,840</u>	<u>5,052,494</u>	<u>5,924,091</u>	<u>5,228,398</u>
Operating Income	<u>(486,666)</u>	<u>1,547,837</u>	<u>1,697,893</u>	<u>1,057,567</u>	<u>2,118,810</u>
Nonoperating Revenues (Expenses):					
Costs to be Recovered From Future Revenues	473,176				
State aid				1,383,669	
Interest and dividend income	2,466	4,111	65,922	167,700	95,539
Interest expense	(158,871)	(154,142)	(175,856)	(286,722)	(224,376)
Total Non-Operating Revenues	<u>316,771</u>	<u>(150,031)</u>	<u>(109,934)</u>	<u>1,264,647</u>	<u>(128,837)</u>
Income (Loss) Before Other Financing Uses	<u>(169,895)</u>	<u>1,397,806</u>	<u>1,587,959</u>	<u>2,322,214</u>	<u>1,989,973</u>
Other Financing Sources					
Tranfers Out	(200,000)	(1,644,150)	(1,544,150)	(1,344,150)	(1,394,150)
Total Net Position - Beginning of Year	<u>11,979,082</u>	<u>11,609,187</u>	<u>11,362,843</u>	<u>11,406,652</u>	<u>12,384,716</u>
Other Changes in Net Assets					(20,474) ^a
Total Net Position - End of Year	<u>\$ 11,609,187</u>	<u>\$ 11,362,843</u>	<u>\$ 11,406,652</u>	<u>\$ 12,384,716</u>	<u>\$ 12,960,065</u>

Sources: Audited Financial Statements (2021-2025).

NOTE: This Schedule is NOT audited.

a. The Village's financial statements have for the year ended February 29, 2024 have been restated as of March 1, 2024

Village of Freeport
Comparison of Budget and Actual Results - General Fund

(Most Recently Available Audited Fiscal Year and Budget(s))

As of February 28th or 29th:	2023-2024		2024-2025	2025-2026	2026-2027
<u>REVENUES:</u>	Adpot	Actual	Adopted Budget	Adopted Budget	Adopted Budget
Real Property Taxes	\$43,484,737	\$42,726,927	\$43,484,691	\$43,405,015	\$45,146,710
Real Property Tax Items	720,420	475,651	4,891,658	4,921,192	4,396,438
Non-Property Tax Items	1,617,385	1,016,950	1,276,453	1,313,000	1,683,000
Departmental Income	9,953,200	9,254,565	10,776,900	10,940,008	11,022,314
Intergovernmental Charges	0	0	6,500	6,500	6,500
Use of Money and Property	1,860,568	3,505,866	2,734,201	2,341,709	3,333,726
Licenses and Permits	2,205,914	1,453,087	3,058,000	3,234,414	3,344,414
Fines and Forfeitures	4,621,600	4,767,920	5,600,000	5,600,000	4,934,416
Sale of Property and Compensation for Loss	5,416,880	14,111,996	11,100	11,100	11,100
State Sources	1,529,380	1,384,959	1,389,380	1,317,200	1,317,211
Federal Sources	1,130,000	665,623	1,835,000	330,000	78,500
Inter-fund Revenues	1,700,000	2,480,697	1,700,000	2,600,000	2,845,000
Other	776,341	189,061	918,566	461,212	411,711
Appropriated fund balance	291,265	291,265	0	0	0
Total Revenues:	<u>75,307,690</u>	<u>82,324,567</u>	<u>77,682,449</u>	<u>76,481,350</u>	<u>78,531,040</u>
 <u>EXPENDITURES:</u>					
General Governmental Support	13,785,146	12,469,877	14,340,153	14,293,395	14,513,970
Public Safety	26,964,287	26,635,908	27,620,906	26,387,558	27,167,041
Health	3,900	2,267	3,850	3,850	3,900
Transportation	1,734,586	2,530,442	1,721,684	2,313,973	2,335,584
Economic Assistance and Opportunity	183,646	152,444	181,146	152,646	149,085
Culture & Recreation	3,725,566	5,240,771	3,756,602	3,903,645	4,094,128
Home & Community Service	5,140,345	5,395,969	5,222,973	5,442,497	5,486,607
Employee Benefits	23,363,167	24,701,073	25,379,776	25,982,577	27,312,750
Capital Outlay	0	0	0	0	0
Debt Service	5,265,840	5,478,272	5,254,134	4,854,137	3,635,526
Total Expenditures:	<u>80,166,483</u>	<u>82,607,023</u>	<u>83,481,224</u>	<u>83,334,278</u>	<u>84,698,591</u>
Excess of Revenues Over (under)	<u>(4,858,793)</u>	<u>(282,456)</u>	<u>(5,798,775)</u>	<u>(6,852,928)</u>	<u>(6,167,551)</u>
 <u>OTHER FINANCING SOURCES (USES)</u>					
Insurance Recoveries	0	0	1,175,000	1,175,000	300,000
Sale of Real Property	0	0	4,343,934	5,843,660	7,121,463
Proceeds from Obligations	1,235,000	585,000	1,235,000	775,000	775,000
Issuance Premium	70,000	64,504	70,000	70,000	70,000
Appropriated Debt Reserve	0	0	141,566	420,263	466,430
Operating Transfers In	4,661,300	4,812,045	391,200	91,331	249,380
Operating Transfers Out	(1,107,507)	(2,526,073)	(1,557,925)	(1,522,326)	(2,814,722)
Total Other Financing Sources (Uses)	<u>4,858,793</u>	<u>2,935,476</u>	<u>5,798,775</u>	<u>6,852,928</u>	<u>6,167,551</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$0</u>	<u>\$2,653,020</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Restated See "FINANCIAL INFORMATION - Restatement of FY 2022 and FY 2023 Financial Statements" herein.

Source: Audited Financial Statement of the Village

Note: Summary itself is not audited.

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
[FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025](#)**

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