

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 24, 2026

RENEWAL/NEW ISSUE

BOND ANTICIPATION NOTES

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Series A Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series A Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Series A Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Interest on the Series B Notes is included in gross income for federal income tax purposes pursuant to the Code. In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Series A Notes and the Series B Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See "Tax Matters for the Series A Notes" and "Tax Matters for the Series B Notes" herein.

The Town will NOT designate the Series A Notes as "qualified tax-exempt obligations" pursuant to the provision of Section 265(b)(3) of the Code.

TOWN OF SOUTHDOLD SUFFOLK COUNTY, NEW YORK (the "Town")

\$17,517,081 BOND ANTICIPATION NOTES – 2026 SERIES A (the "Series A Notes")

\$1,900,000 BOND ANTICIPATION NOTES – 2026 SERIES B (FEDERALLY TAXABLE) (the "Series B Notes" and together with the Series A Notes", collectively referred to herein as the "Notes")

Dated Date: September 16, 2026

Maturity Date: September 16, 2027

Security and Sources of Payment: The Notes are general obligations of the Town of Southold, Suffolk County, New York (the "Town", the "County", and the "State" respectively) and will contain a pledge of the faith and credit of the Town 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 Town, 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 Levy Limit Law," herein).

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

Form and Denomination: The Notes will be issued in registered form and, at the option of the purchaser, the Notes may be either (i) registered to the purchaser or (ii) registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes. For those Notes registered to the purchaser, a single note certificate shall be delivered to the purchaser(s) for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Those Notes issued in book-entry form will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the Securities Depository for the Notes. 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 at such interest rate. Individual purchases of any Notes issued in book-entry form may be made only in book-entry form in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination. Noteholders will not receive certificates representing their respective ownership interests in any Notes issued in book-entry form. (See "Description of Book-Entry System" herein).

Payment: Principal of and interest on the Notes registered to the Purchaser will be payable in lawful money of the United States of America (Federal Funds) at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. Payment of the principal of and interest on any Notes issued in book-entry form will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of the DTC Participants or Indirect Participants and not of DTC or the Town, subject to any statutory and regulatory requirements as may be in effect from time to time. Principal and interest payments on any book-entry notes shall be payable at the office of the Town Clerk. (See "Description of Book-Entry System" herein).

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on September 1, 2026 at the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Notes will be made on or about September 16, 2026 in New York, New York, or as otherwise agreed to by the Town and the purchaser(s).

THIS OFFICIAL STATEMENT IS IN A FORM "DEEMED FINAL" BY THE TOWN FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). FOR A DESCRIPTION OF THE TOWN'S UNDERTAKING TO PROVIDE NOTICES OF EVENTS FOR THE NOTES, AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

September , 2026

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.



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* * *

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* * *

MUNICIPAL ADVISOR



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

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OFFICIAL STATEMENT

Relating to

TOWN OF SOUTHDOLD SUFFOLK COUNTY, NEW YORK

\$17,517,081 BOND ANTICIPATION NOTES –2026 SERIES A

AND

\$1,900,000 BOND ANTICIPATION NOTES - 2026 SERIES B (FEDERALLY TAXABLE)

This Official Statement, including the cover page and appendices thereto, has been prepared by the Town and presents certain information relating to the Town's \$17,517,081 Bond Anticipation Notes - 2026 Series A (the "Series A Notes") and \$1,900,000 Bond Anticipation Notes - 2026 Series B (Federally Taxable) (the "Series B Notes" and together with the "Series A Notes", collectively referred to herein as the "Notes"). All quotations from and summaries and explanations of provisions of the Constitution and laws of the State of New York (the "State") and acts and proceedings of the Town 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 Town relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

THE NOTES

Description of the Notes

The Notes are general obligations of the Town. The Town has pledged its faith and credit for the payment of the principal of and interest on the Notes 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 Town, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See "*Tax Levy Limit Law*" herein).

The Notes will be dated and will mature, without the option of prior redemption, as indicated on the cover page hereof.

The Town Clerk will act as Fiscal Agent for the Notes. Paying agent fees, if any, will be paid by the purchaser(s). The Town's contact information is as follows: Michelle Nickonovitz, CPA, Comptroller, Town of Southold, 54375 Route 25, Southold, New York 11971, telephone number (631) 765-4333 and email: michellen@southoldtownny.gov.

Optional Redemption

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

Description of Book-Entry 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 bearing the same rate of interest and CUSIP number and will be deposited with DTC.

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

DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

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

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

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

The Town 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 Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

The information contained in the above section concerning DTC and DTC's book-entry system has been obtained from sample offering document language supplied by DTC, but the Town takes no responsibility for the accuracy thereof. In addition, the Town will not have any responsibility or obligation to participants, to indirect participants or to any beneficial owner with respect to: (i) the accuracy of any records maintained by DTC, any participant or any indirect participant; (ii) the payments by DTC or any participant or any indirect participant of any amount with respect to the principal of, or premium, if any, or interest on the Notes or (iii) any notice which is permitted or required to be given to Noteowners.

Authorization and Purpose

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Town Law and the Local Finance Law, and various bond resolutions duly adopted by the Town Board of the Town on the dates set forth below for the following purposes:

Series A Notes

Date Authorized	Project Description	Amount Outstanding	Amount to be paid	New Money	Amount to be Issued
03/14/18	Town Hall Annex- Improvements	\$ 453,417	\$ 33,417	-	\$ 420,000
08/11/20	Race Point Ferry Improvements	410,000	20,000	-	390,000
02/11/20	Software Updates	175,000	25,000	-	150,000
05/18/21	Computer Hardware and Software	50,000	50,000	-	0
02/11/20	Fishers Island Highway Barn	130,000	130,000	-	0
03/29/22	Comprehensive Master Plan	100,000	100,000	-	0
06/07/22	Gull Pond Bulkhead Improvements	140,000	140,000	-	0
12/18/18	Town Hall Basement Improvements	80,000	20,000	-	60,000
02/28/23	Land Acquisition	1,330,000	60,000	-	1,270,000
07/05/23	Stormwater Control	240,000	10,000	-	230,000
07/05/23	Sidewalk Improvements	225,000	25,000	-	200,000
07/05/23	Land Acquisition - 12500 Main Rd.	1,045,000	50,000	-	995,000
02/14/23	Fishers Island Facility Improvements	2,375,000	120,000	-	2,255,000
08/15/23	Land Acquisition 41625 Rt 25	506,160	21,160	-	485,000
10/10/23	Plans & Specs for PD/Court Building	400,000	100,000	-	300,000
11/21/23	Land Acquisition 1645 Boisseau Ave.	3,325,000	155,000	-	3,170,000
02/27/24	Stormwater Mitigation Improvements	250,000	10,000	-	240,000
05/21/24	Acquisition of Computer Equipment	63,000	18,000	-	45,000
05/21/24	Acquisition of an Excavator	235,000	45,000	-	190,000
06/04/24	Highway Storage Barn	1,800,000	85,000	-	1,715,000
08/13/24	Acquisition of a Grinder	1,220,000	85,000	-	1,135,000
08/07/24	Sidewalks on Fisher Island	250,000	0	-	250,000
08/07/24	Sidewalk Improvements	250,000	0	-	250,000
12/17/24	Plans & Specs for FI Barracks	150,000	0	-	150,000
02/04/25	Stormwater Control	250,000	0	-	250,000
02/04/25	Sidewalk Improvements	400,000	0	-	400,000
09/09/25	Payloader	0	0	367,081	367,081
11/18/25	Network & Security System Infrastructure Upgrade	0	0	500,000	500,000
03/24/26	Sidewalks	0	0	250,000	250,000
03/24/26	Stormwater Control	0	0	250,000	250,000
05/20/26	FI Ferry Facilities Improvements	0	0	1,600,000	1,600,000
Totals:		<u>\$15,852,577</u>	<u>\$ 1,302,577</u>	<u>\$2,967,081</u>	<u>\$17,517,081</u>

Series B Notes

Date Authorized	Project Description	Amount Outstanding	Amount to be paid	New Money	Amount to be Issued
07/02/24	Property Acquisition FI-USCG	1,987,768	87,768	-	1,900,000

Security and Source of Payment

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

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

Under the Constitution of the State, the Town 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 Town 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 Town’s power to increase its annual tax levy, unless the Town complies with certain procedural requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See “*Tax Levy Limit Law*,” herein).

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 Town’s credit rating could be affected by circumstances beyond the Town’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 Town 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 Town’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 the holder to potentially incur a capital loss if a 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 Town 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 Town 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 its payment may be affected by a delay in the adoption of the State budget, or the impact upon the State’s economy and financial condition due of various circumstances, including State fiscal stress. State aid appropriated and apportioned to the Town can be paid only if the State has such monies available therefor. Should the Town 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, the Town is authorized 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 Town will have market access for any such borrowing on a cost effective basis. (See also “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 Town, without providing exclusion for debt service on obligations issued by municipalities and fire districts, including the Town, may affect the market price and/or marketability for the Notes. (See “*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 Town, could impair the financial condition of such entities, including the Town, and the ability of such entities, including the Town, to pay debt service on the Notes.

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 Town 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. Each Note is a general obligation contract between the Town and the owners for which the faith and credit of the Town are pledged and while remedies for enforcement of payment are not expressly included in the Town’s contract with such owners, any permanent repeal by statute or constitutional amendment of a bond or 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 Town. 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 Town 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 Town and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on a Note, the owner of such Note could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the Town to assess, levy and collect an *ad valorem* tax, upon all taxable property of the Town subject to taxation by the Town, 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 Town, 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 Town.

Pursuant to Article VIII, Section 2 of the State Constitution, the Town 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 Town 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 Town 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 Town 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 Town, 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 legislated a finance control or review board and assistance corporations to monitor and restructure finance matters in addition to New York City, 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 Town in the future cannot be assured.

No current state law purports to create any priority for holders of the Notes should the Town 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 Town 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 Town 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 Town indebtedness is past due. The Town has never defaulted in the payment of the principal of and/or interest on any indebtedness.

THE TOWN

There follows in this Official Statement a brief description of the Town, together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and expenditures and general and specific funds.

General Information

The Town, with a land area of 54.5 square miles, is located in eastern Suffolk County on the north fork of Long Island. Settlement took place in 1640. The Village of Greenport is located wholly within the Town. The Town also includes the area of Fishers Island which is located approximately twelve miles east of the mainland. Fishers Island is accessible only by water or air. There is also ferry service operating between Orient Point and New London, Connecticut.

The Town is primarily a rural resort area with substantial shopping facilities available at Greenport, at various shopping centers within the Town, and at Riverhead just to the west. Commercial and professional services are available principally in the hamlets of Cutchogue, Mattituck, Southold and the Village of Greenport.

Agriculture has been a major industry in the Town since its origins. In recent years, farm crops have gradually evolved from basic production to nursery crops including shrubs, sod, potted plants and other ornamentals. A substantial portion of these products are shipped by ferry across Long Island Sound for distribution throughout New England. A number of vineyards have been established and wine-making is an important industry.

Southold has both a hospital (Stony Brook Eastern Long Island Hospital) and a life care facility (Peconic Landing). The life care facility is a 144-acre site located on the Long Island Sound. Both are significant employers in the Town.

Southold is also a major tourist destination. Traditionally, the Town has been a summer resort area utilizing the bays, inlets, Long Island and Block Island Sounds. However, new venues and attractions have substantially increased the tourism season early in the spring well into the fall.

The main highways in the Town are New York State Route 25 and the North Road. Rail transportation is provided by the Long Island Rail Road with stations at Mattituck, Southold and Greenport. Ferry service is also available between Orient Point, east of Greenport, and New London, Connecticut as well as from Greenport to Shelter Island. Bus service is provided by the County of Suffolk.

Electric service is provided by PSEG Long Island; gas service is provided by National Grid. Fire protection is the responsibility of volunteer fire and fire protection districts. The Town provides its own police protection. In the Village of Greenport, electric service and fire protection are provided by the Village.

Government

Subject to the provisions of the State Constitution, the Town operates pursuant to the Town Law, the General Municipal Law, the Local Finance Law, other laws generally applicable to the Town, and any special laws specifically applicable to the Town. Under such laws, there is no authority for the Town to have a charter, but pursuant to the Town Law and other laws generally applicable to home rule, the Town may from time to time adopt local laws which do not conflict with existing laws as enacted by the State.

The legislative power of the Town is vested in the Town Board, which consists of five members, elected for a term of four years, in addition to the Supervisor, who is the chief executive officer of the Town, elected for a term of four years. Such terms are staggered such that two or three councilpersons are elected every two years. All the Town Board members are elected at large and there is no limitation to the number of terms each may serve.

Six independently governed school districts are located wholly or partially within the Town, which rely on their own taxing powers granted by the State to raise revenues. The school districts use the Town's assessment roll as their basis for taxation of property located within the Town.

Employees

The Town provides services through approximately 219 union and 87 non-union employees. The Town also employs 65 seasonal employees. The following table presents the number of employees represented by organized labor, the names of the unions and the contract expiration dates.

	<u>Approximate Membership</u>	<u>Date Contract Expires</u>
Civil Service Employees Association	163	12/31/2026
Police Benevolent Association	56	12/31/2029

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Characteristics

The Town has had a population trend, as compared to the County and the State, as indicated below:

<u>Year</u>	<u>Town of Southold</u>	<u>Suffolk County</u>	<u>State of New York</u>
2000	20,599	1,419,369	18,976,457
2010	23,175	1,518,475	19,378,102
2020	22,177	1,481,364	19,514,849
2024	24,083	1,535,909	19,867,248

Source: U.S. Bureau of the Census.

Income Data

	Per Capita Money Income			
	2000	2010	2020	2024 ^a
Town of Southold	\$27,619	\$41,450	\$56,282	\$71,607
County of Suffolk	26,577	35,411	46,466	57,164
State of New York	23,389	30,791	40,898	50,712

	Median Household Income			
	2000	2010	2020	2024 ^a
Town of Southold	\$49,898	\$73,171	\$87,109	\$116,667
County of Suffolk	65,288	84,506	105,362	130,686
State of New York	43,393	55,603	71,117	85,974

Source: United State Bureau of the Census.

a. Based on American Community Survey 5-Year Estimates (2020-2024).

Unemployment Rate Statistics

Unemployment statistics are not available for the Town as such. The smallest area for which such statistics are available (which includes the Town) is the County of Suffolk. The information set forth below with respect to such County is included for information purposes only. It should not be inferred from the inclusion of such data in this Statement that the Town is necessarily representative of the County or vice versa.

<u>Annual Averages:</u>	<u>Suffolk County (%)</u>	<u>New York State (%)</u>
2021	4.9	7.2
2022	3.1	4.4
2023	3.2	4.2
2024	3.5	4.3
2025	3.5	4.2
2026 (YTD)	4.0	4.6

Source: Department of Labor, State of New York

Selected Listing of Larger Employers in the Town

<u>Name</u>	<u>Type</u>	<u>Estimated Number Of Employees</u>
Eastern Long Island Hospital	Hospital	468
Plum Island ADC	US Govt Facility	350
Mattituck- Cutchogue UFSD	Public School	380
Town of Southold	Local Govt	350
Peconic Landing	Life Care Community	314
Southold UFSD	Public School	171
San Simeon by the Sound	Nursing Home	220
Greenport UFSD	Public School	120
Village of Greenport	Local Govt	118 (mostly part time)
Claudios	Restaurant	30 Year-Round/120 Summer
Stidd Systems	Marine	40

INDEBTEDNESS OF THE TOWN

Constitutional Requirements

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

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

The Town may contract indebtedness only for a Town 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 in 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 as 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; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the Town has authorized the issuance of indebtedness having substantially level or declining annual debt service. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General. The Town 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 Town so as to prevent abuses in the exercise of such powers; however, as has been noted under "*Security and Source of Payment*", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Town 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 Town's power to increase its annual tax levy, unless the Town complies with certain procedural requirements to permit the Town to levy certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*," herein).

Statutory Procedure

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

Pursuant to the Local Finance Law, the Town authorizes the incurrence of indebtedness by the adoption of a bond resolution approved by at least two-thirds of the members of the Town Board, unless if the Town determines to subject the bond resolution to voter approval by mandatory referendum, in which case only a three-fifths vote is required.

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

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 "*Constitutional Requirements*").

In addition, under each bond resolution, the Town Board may delegate, and has delegated, power to issue and sell bonds and notes, to the Town Supervisor, the chief fiscal officer of the Town.

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

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the aggregate outstanding principal amount thereof shall not exceed seven per centum of the average full valuation of taxable real estate of the Town and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional and statutory method for determining the full valuation is by dividing the assessed valuation of taxable real estate by the respective equalization rates assigned to each assessment roll. Such equalization rates are the ratios which each of such assessed valuations bear to the respective full valuation of such year, as assigned by the New York State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratios shall be determined. Average full valuation is determined by adding the full valuations for the most recently completed assessment roll and the four immediately preceding assessments rolls and dividing the resulting sum of such addition by five.

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

The following pages set forth certain details with respect to the indebtedness of the Town.

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Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of August 24, 2026)

In Town of Southold	Assessed Valuation	State Equalization Rate (%)	Full Valuation
2021-2022	\$111,024,468	0.88	\$12,616,416,818
2022-2023	112,466,274	0.70	16,066,610,571
2023-2024	112,344,869	0.57	19,709,626,140
2024-2025	112,881,802	0.55	20,523,964,000
2025-2026	113,669,817	0.55	20,667,239,455
Total Five Year Full Valuation			\$89,583,856,984
Five Year Average			17,916,771,397
Debt Limit - 7% of Full Valuation			1,254,173,998
Inclusions:			
Outstanding Bonds			\$18,600,000
Bond Anticipation Notes			17,840,345
Total Inclusions			36,440,345
Exclusions:			
Appropriations for Bonds			350,000
Appropriations for Notes			1,390,345
Total Exclusions			1,740,345
Total Net Indebtedness Before Issuing the Notes			34,700,000
The Notes			19,417,081
LESS: BANs Being Redeemed by the Notes			16,500,000
Net Effect of Issuing the Notes			2,917,081
Total Net Indebtedness After Issuing the Notes			37,617,081
Net Debt Contracting Margin			\$1,216,556,917
Per Cent of Debt Contracting Margin Exhausted			3.00%

Trend of Town Indebtedness

The following table represents the outstanding indebtedness of the Town at the end of the last five preceding fiscal years.

	Fiscal Year Ending December 31:				
	2021	2022	2023	2024	2025
Debt Outstanding End of Year:					
Bonds	\$22,170,000	\$19,830,000	\$26,525,000	\$23,735,000	\$20,890,000
Bond Anticipation Notes	10,937,722	13,780,000	5,795,000	18,354,160	17,840,345
Totals:	<u>\$ 33,107,722</u>	<u>\$ 33,610,000</u>	<u>\$ 32,320,000</u>	<u>\$ 42,089,160</u>	<u>\$ 38,730,345</u>

Details of Short-Term Indebtedness Outstanding

<u>Bond Anticipation Notes</u>		<u>Amount Outstanding</u>
<u>Maturity</u>	<u>Purposes</u>	
09/18/2026	Various Town-Wide and District Improvements	<u>\$17,840,345^a</u>

a. To be redeemed by a portion of the Notes and available funds in the amount of \$1,390,345.

Debt Service Requirements - Outstanding Bonds ^a

<u>Fiscal Year Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$2,640,000	\$610,863	\$3,250,863
2027	2,645,000	531,763	3,176,763
2028	2,695,000	457,063	3,152,063
2029	2,715,000	385,291	3,100,291
2030	2,735,000	310,644	3,045,644
2031	680,000	263,544	943,544
2032	700,000	241,044	941,044
2033	715,000	222,100	937,100
2034	725,000	202,413	927,413
2035	505,000	181,813	686,813
2036	525,000	165,400	690,400
2037	545,000	144,400	689,400
2038	565,000	122,600	687,600
2039	590,000	100,000	690,000
2040	615,000	76,400	691,400
2041	635,000	51,800	686,800
2042	<u>660,000</u>	<u>26,400</u>	<u>686,400</u>
Totals	<u>\$20,890,000</u>	<u>\$4,093,538</u>	<u>\$24,983,538</u>

a. Includes \$9,032,808 bonds issued for the preservation of open space. See "Community Preservation Fund" herein.

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
County of Suffolk	10/14/2025	3.69	\$42,977,245	\$38,143,558
Village of Greenport	01/15/2026	100.00	13,425,000	11,240,000
School Districts				
Fishers Island UFSD	07/31/2025	100.00	7,000,000	6,930,000
Greenport	05/21/2026	100.00	19,895,000	17,905,500
Mattituck-Cutchogue	12/03/2025	98.00	5,189,100	4,773,972
New Suffolk Common	06/03/2025	100.00	215,000	215,000
Oysterponds	06/03/2025	100.00	0	0
Southold	12/11/2025	100.00	3,905,000	3,514,500
Fire District				
Cutchogue	04/07/2025	100.00	14,500,000	1,415,000
East Marion	12/31/2023	100.00	0	0
Fishers Island	12/31/2023	100.00	0	0
Mattituck	12/31/2023	100.00	0	0
Orient	12/31/2023	100.00	0	0
Southold	06/12/2026	100.00	750,000	0
Totals			<u>\$107,856,345</u>	<u>\$84,137,530</u>

Sources: Annual Financial Reports on file with the Office of the State Comptroller, or more recently published Official Statements.

Debt Ratios (As of August 24, 2026)

	Amount	Per Capita ^a	Percentage Of Full Value ^b
Total Direct Debt	\$36,440,345	\$1,513	0.176%
Net Direct Debt	34,700,000	1,441	0.168%
Total Direct & Applicable Total Overlapping Debt	144,296,690	5,992	0.698%
Net Direct & Applicable Net Overlapping Debt	118,837,530	4,934	0.575%

a. The current estimated population of the Town is 24,083 (2024 U.S. Census).

b. The full valuation of taxable real property in the Town for 2025-26 is \$20,667,239,455.

Authorized But Unissued Debt

As of the date of this Official Statement, the following bond resolutions are authorized but unissued:

Reso Date	Project Description	Amount Authorized	Authorized but Unissued
11/01/2016	Public Safety Communications Equip	\$150,000	\$150,000
01/31/2017	Upgrade Town Hall Telephone System	32,900	6,900
01/31/2017	Firewall	127,100	13,100
05/09/2017	Shade Shelter/Solar Array at Animal Shelter	630,000	260,000
06/12/2017	Ferry Pilings	600,000	220,000
03/14/2018	Town Hall Annex- Improvements	1,800,000	200,000
12/18/2018	Computer Equipment	97,500	49,500
12/18/2018	Town Hall Basement	250,000	150,000
12/18/2018	Town Hall HVAC	250,000	50,000
07/02/2019	Increase/Improvement of SWMD (Grinder)	850,000	50,000
02/11/2020	Software Updates	500,000	150,000
05/18/2021	Computer Hardware and Software	250,500	500
05/18/2021	Town Boat Ramps	200,000	200,000
10/05/2021	Vacuum Truck (Drainage)	450,000	18,159
08/15/2023	Land Acquisition-41625 Route 25	525,000	18,840
10/10/2023	Plans & Specs for PD/Court Building	1,000,000	600,000
09/09/2025	Payloader	370,000	370,000 ^a
11/18/2025	Network & Security System Infrastructure Upgrade	500,000	500,000 ^a
03/24/2026	Sidewalks	250,000	250,000 ^a
03/24/2026	Stormwater Control	250,000	250,000 ^a
05/20/2026	FI Ferry Facilities Improvements	1,600,000	1,600,000 ^a
Totals:		<u>\$10,683,000</u>	<u>\$ 5,106,999</u>

a. To be financed by the issuance of the Notes.

Community Preservation Fund

In 1998, the voters of the five East End towns (East Hampton, Riverhead, Shelter Island, Southampton, and Southold) approved a referendum creating the Community Preservation Fund, which is a conservation program to preserve open space and farmland in the five towns. Each town has its own fund which is financed by a 2% tax on real estate sales within such town. This is a one-time tax that the buyer of real estate is required to pay when purchasing a new or used home or vacant property. In 2006, the voters in all five towns approved a referendum to extend the collection of the tax through 2030.

The Town of Southold's fund ("the CPF Fund") facilitates a voluntary program whereby landowners can sell their land or the development rights to the land to the Town at fair market value. The Town may issue general obligation bonds for purchases with the expectation that the debt service will be paid through the life of the Town's CPF Fund with the 2% tax revenues. When the Town finances an acquisition through the issuance of bonds, Section 64e of Town Law requires the preparation of a report by or on behalf of the Town Supervisor which demonstrates how such indebtedness will be repaid by the CPF Fund, including an estimate of projected revenues of the CPF Fund during the period of indebtedness, an accounting of all other indebtedness incurred against the CPF Fund to be repaid for the same period, and a finding that there will be sufficient revenue to repay such indebtedness in its entirety from the CPF Fund. In any event, the bonds issued by any of the towns are general obligation bonds of such town.

On November 8, 2022, the voters of the Town approved a referendum to amend the local law and establish a Community Housing Fund. The public purpose of this local law is to implement the authority given to the Town to establish a dedicated fund to provide needed housing opportunities as authorized by Chapter 445 of the Laws of 2021 to amend the Town Law and the Tax Law, in relation to authorizing towns in the Peconic Bay region to establish community housing funds to be funded by a supplemental real estate transfer tax.

Said fund will be financed by a 0.5% supplemental real estate transfer tax, which is in addition to the existing 2% real estate transfer tax for the Community Preservation Fund.

In addition, pursuant to Chapter 445 of the Laws of 2021, this local law also amends the exemption amounts per real estate transfer from the entire Town real estate transfer tax from \$150,000 to \$200,000 for properties under \$2 million. This ensures that the real estate transfer tax burden will be reduced for property transfers with a consideration under \$2 million.

The purchase price limit for the exemption for first time homebuyers in the Town also increased from 120% to 150% of the purchase price limit as defined by the State of New York Mortgage Agency.

The following represents the annual revenues of the Town's CPF Fund and CHF Fund for the five most recently completed fiscal years and the current budget. Such amounts do not include other revenues received for grants and interest income.

<u>Fiscal Year Ending December 31:</u>	<u>Community Preservation Fund</u>	<u>Community Housing Fund^a</u>
2021	\$14,116,704	
2022	13,577,599	
2023	11,401,403	1,233,711
2024	11,090,573	2,732,180
2025	11,410,805	2,842,071
2026 (Budget)	12,052,771	2,000,000

a. The Community Housing Fund revenues started to be collected after April 2023.

As of the date of this Official Statement, there are \$9,032,808 in Town CPF bonds outstanding, the debt service on which is expected to be paid by the Fund, although such debt is a general obligation of the Town. The following represents the annual debt service requirements on the outstanding Town bonds originally issued for the purposes of preserving open space; it does not reflect payments made to date in the current fiscal year.

Debt Service Requirements – Community Preservation Fund Only ^a

<u>Fiscal Year Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$1,779,211	\$202,921	\$1,982,132
2027	1,789,325	153,175	1,942,500
2028	1,816,683	107,741	1,924,424
2029	1,821,661	65,865	1,887,526
2030	1,825,928	22,249	1,848,177
Totals	<u>\$9,032,808</u>	<u>\$551,951</u>	<u>\$9,584,759</u>

a. Does not reflect 2026 payments made to date in the current fiscal year.

The Town has enacted a debt service policy that is reviewed annually and approved by the Town Board. The Town Board has determined that an appropriate amount of fund balance should be maintained in the Fund in order to meet the Town's obligation to repay the bonded indebtedness. As such, the Town has set aside the current and ensuing year's debt service to ensure that there is adequate coverage in the Fund.

Landfill Closure and Postclosure Care Costs

The Town owns a landfill on a site in the unincorporated area of Cutchogue, commonly known as the Cutchogue Landfill. The Town ceased accepting waste at its Cutchogue Landfill as of October 8, 1993. Placement of the final cover, referred to as capping, on the landfill was completed in November 2003. In addition to placement of the final cover on the landfill, state and federal regulations presently require the Town to perform certain maintenance and monitoring functions at the site for up to thirty years. The Town has complied and will continue to comply with said requirements. The Town paid \$24,439.26 for such costs in 2025 and will continue to pay these costs in the future.

Actual costs associated with the capping totaled \$7,681,720. Financing for closure activities was provided in part through a grant from the New York State Department of Environmental Conservation in the amount of \$2,000,000. The balance was provided through a State subsidized loan received in July, 2004 from the New York State Environmental Facilities Corporation. Costs associated with postclosure care will be paid from charges to future users of the collection facility and site and future tax revenue.

FINANCES OF THE TOWN

Financial Statements and Accounting Procedures

The Town maintains its financial records in accordance with the Uniform System of Accounts for Towns prescribed by the State Comptroller. The financial records of the Town are audited by independent accountants. The last such audit made available for public inspection covers the fiscal year ended December 31, 2024. In addition, the financial affairs of the Town are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Town has complied with the requirements of various State and Federal statutes. A summary of the financial results of the Town for the last five years are presented in Appendix A. The Unaudited Annual Report ("AFR") for fiscal year ending 2025 is attached as Appendix B.

Fund Structure and Accounts

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

There are two basic fund types: governmental funds that are used to account for basic services and capital projects; and fiduciary funds that account for assets held in a trustee capacity. Account groups, which do not represent funds, are used to record fixed assets and long-term obligations that are not accounted for in a specific fund.

The Town presently maintains the following governmental funds: General Fund, Part Town Fund, Community Preservation Fund, Community Housing Fund and Special Districts Funds, and the Capital Projects Fund. Fiduciary funds consist of a Trust and Agency Fund. There are no proprietary funds. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

The Town's governmental funds are accounted for on a modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become susceptible to accrual - that is, when they become "measurable" and "available" to finance expenditures to the current period. Revenues that are susceptible to accrual include real property taxes, intergovernmental revenues (State and Federal aid) and operating transfers.

Expenditures are generally recognized under the modified accrual basis of accounting in which recognition occurs when the related fund liability is incurred. An exception to this general rule is unmatured interest on general long-term debt which is recognized when due.

Investment Policy

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the Town 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 the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

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

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

The Town Board has adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the Town are made in accordance with such policy.

Budgetary Procedures

The head of each administrative unit of the Town is required to file detailed estimates of revenues (other than real property taxes) and expenditures for the next fiscal year with the budget officer (Supervisor) on or before August 1st. Estimates for each fire district situated within the Town must also be filed with the budget officer by this date. After reviewing these estimates, the budget officer prepares a tentative budget which includes his recommendations. A budget message explaining the main features of the budget is also prepared at this time. The tentative budget is filed with the Town Clerk not later than the 30th of September. Subsequently, the Town Clerk presents the tentative budget to the Town Board at the regular or special hearing which must be held on or before October 5th. The Town Board reviews the tentative budget and makes such changes as it deems necessary and that are not inconsistent with the provisions of the law. Following this review process, the tentative budget and such modifications, if any, as approved by the Board, become the preliminary budget. A public hearing, notice of which must be duly published in the Town's official newspaper, on the preliminary budget is generally required to be held on the Thursday immediately following the general election. At such hearing, any person may express his or her opinion concerning the preliminary budget; however, there is no requirement or provision that the preliminary budget or any portion thereof be voted on by members of the public. After the public hearing, the Town Board may further change and revise the preliminary budget. The Town Board, by resolution, adopts the preliminary budget as submitted or amended no later than November 20th, at which time, the preliminary budget becomes the annual budget of the Town for the ensuing fiscal year. Budgetary control during the year is the responsibility of the Supervisor who is assisted in this area by the Town Comptroller. Any changes or modifications to the annual budget, including the transfer of appropriations among line items, must be approved by resolution of the Town Board. However, the comptroller is authorized to transfer certain budgeted amounts within departments.

Budget Summaries for the 2025 and 2026 fiscal years may be found in Appendix A.

Financial Operations

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

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

Town finances are operated primarily through the General and Special Revenue Funds. The General Fund receives most of its revenue from real property tax and State aid. Current operating expenditures are paid from these funds subject to available appropriations. The Town also has refuse, sewer and wastewater districts, which are accounted for within separate funds. The primary sources of income for these districts comes from special assessments levied against district properties at the same time real estate taxes are levied. Capital projects and equipment purchases are accounted for in special capital projects funds. The Town observes a calendar year (January 1 through December 31) for operating and reporting purposes.

Revenues

The Town receives most of its revenues from a real property tax on all taxable property situated within the Town and from State Aid. A summary of such revenues for the five most recently completed fiscal years may be found in Appendix A. See also “Tax Levy Limit Law” herein.

Real Property Taxes

See "Real Property Tax Information", herein.

State Aid

The Town receives financial assistance from the State. Based on the unaudited annual financial report update document for the 2025 fiscal year, approximately 4.74% of the total general fund revenues of the Town is estimated to be received in the form of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the Town. No assurance can be given that present State aid levels will be maintained in the future. In 2020, due to the outbreak of COVID-19, the State declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it negatively impacted the State’s economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State may experience budgetary restrictions which will require certain gap-closing actions. Such actions may include but are not limited to: reductions in State agency operations and/or the delay, elimination or substantial reduction in payments to municipalities, school districts or other recipients of State aid in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

On March 11, 2021 the federal American Rescue Plan Act (ARPA) was enacted. The ARPA is a \$1.9 trillion economic stimulus bill intended to contain the COVID-19 pandemic and accelerate the nation’s economic recovery. The ARPA provides the State with \$12.6 billion in general aid (“recovery aid”), as well as \$17.2 billion in categorical aid for schools, universities, childcare, housing and other purposes. The enacted 2021-22 State budget provides for an increase in All Funds spending of 9.7% over 2020-21, relying on a combination of the new federal funding and revenue-raising initiatives to avoid cuts and support additional investments. According to the State, the budget deploys the first \$5.5 billion of the \$12.6 billion provided for under ARPA. The Town received approximately \$2.1 million in direct aid through ARPA. ARPA was received by the Town in two equal payments. Pursuant to applicable law, the Town is required to expand all ARPA funds on eligible projects no later than December 31, 2026. The Town expects to meet this requirement.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and the current Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances.

Should the Town 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 Town 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 Town’s General Fund revenue comprised of State aid and Federal aid for each of the fiscal years 2021 through 2025, and amounts budgeted for 2026.

<u>Fiscal Year Ending December 31:</u>	<u>Total General Fund Revenue</u>	<u>State Aid</u>	<u>State and Federal Aid To Revenues (%)</u>
2021	\$36,480,640	\$2,904,219	7.96
2022	37,218,629	2,998,310	8.06
2023	39,065,123	1,945,766	4.98
2024	41,500,451	2,007,516	4.84
2025 (Unaudited)	44,047,972	2,087,585	4.74
2026 (Budgeted)	46,172,172	1,526,920	3.31

Source: Audited financial statements (2021-2024), unaudited Annual Financial Report (2025), adopted budget (2026)

Expenditures

The major categories of expenditure for the Town are General Government Support, Public Safety, Transportation, Home & Community Services, Economic Assistance and Opportunity and Employee Benefits. A summary of the expenditures for the five most recently completed fiscal years and the estimated expenditures for the current fiscal year may be found in Appendix A.

The 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, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

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

The most current applicable report of the State Comptroller designates the Town as "No Designation". (Fiscal Score: 0.0; Environmental Score: 3.3).

See the State Comptroller's official website for more information on FSMS. Reference to this website implies no warranty of accuracy of information therein.

In addition, the Office of the State Comptroller helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit performed was released in February 2024. The purpose of such audit was to determine if Town Officials properly administered the Peconic Bay Community Preservation Fund ("CPF") to ensure that all collections were properly supported, recorded and deposited and that disbursements were proper and supported. The complete report may be found on the State Comptroller's official website. Reference to this website implies no warranty of accuracy of information therein.

Pension Systems

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

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

Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. In the event that there are capital market declines in the future, the State's Retirement System portfolio may experience negative investment performance and downward trends in market earnings. As a result of the foregoing, the employer contribution rate for the State's

Retirement System in future years may be higher than the 4.5% minimum contribution rate established under applicable law. Since 2010, various forms of legislation have been enacted to allow local governments and school districts the option of amortizing required contributions to the Retirement System. However, although these options reduce near term payments, it may require higher than normal contributions in later years.

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

The Town adopted a home rule to allow certain employed police officers to receive credit under section 384-d of the retirement and social security law. In the Fall of 2025, the State passed legislation authorizing the participation of such police officers in the optional retirement plan. There is an expected immediate past service cost of approximately \$1.45 million which will be borne by the Town as a one-time payment or may be amortized over a 5 year period.

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

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

Contributions to the Retirement Systems

<u>Fiscal Year Ending December 31:</u>	<u>Amount of Contribution</u>
2021	\$4,065,942
2022	3,656,624
2023	3,765,447
2024	4,481,140
2025	5,113,293
2026 (Budgeted)	6,328,000

Other Post Employment Benefits

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

GASB Statement No. 75 ("GASB 75") of the Governmental Accounting Standards Board ("GASB"), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits, referred to herein as Other Post-Employment Benefits ("OPEB"). GASB 75 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

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

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

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

For the fiscal year ended December 31, 2018, the Town implemented GASB 75. The implementation of this Statement resulted in the reporting of the entire actuarial accrued liability for other post-employment benefits. The Town's total OPEB liability at December 31, 2025 is as follows:

Total OPEB Liability at Dec 31, 2024	<u>\$104,151,440</u>
Charges for the Year:	
Service Cost	2,379,813
Interest Cost	3,434,128
Changes in Benefit Terms	0
Differences Between Actual and Expected Experience	29,048,692
Changes in Assumptions	(14,888,593)
Benefit Payments	<u>(3,253,966)</u>
Net Changes	<u>16,720,074</u>
Total OPEB Liability at Dec 31, 2025	<u><u>\$120,871,514</u></u>

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

REAL PROPERTY TAX INFORMATION

Real Property Taxes

The Town 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.) Property taxes accounted for approximately 77.31% (unaudited) of total general fund revenues, for the fiscal year ended 2025. 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 Town, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the Town. See "*Tax Levy Limit Law*," herein.

The following table sets forth the percentage of the Town's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2021 through 2025, and, as budgeted, for the year ending December 31, 2026.

<u>Fiscal Year Ending December 31:</u>	<u>Total Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues (%)</u>
2021	\$36,480,640	\$29,494,458	80.85
2022	37,218,629	29,943,980	80.45
2023	39,065,123	31,031,438	79.44
2024	41,500,451	31,716,748	76.43
2025 (Unaudited)	44,047,972	34,054,088	77.31
2026 (Budgeted)	46,172,172	35,215,396	76.27

Source: Audited financial statements (2021-2024), Unaudited Annual Financial Report (2025) and the adopted budget (2026)

The following table presents the total tax levy and collection performance for each of the last five fiscal years.

Tax Levy and Collection Record

	2022	2023	2024	2025	2026 ^a
Total Tax Levy	145,680,755	149,310,813	153,952,292	162,779,977	168,214,836
Amount Collected	144,048,900	147,632,232	151,435,991	160,643,000	166,800,000
Returned to County					
Amount	1,631,855	1,678,581	2,516,301	2,136,977	N/A
Percentage	1.12%	1.12%	1.63%	1.31%	N/A
Uncollected at End of Year					
of Levy	None	None	None	None	N/A

a. The date of this Statement.

Tax Collection Procedure

Property taxes for the Town, together with County, fire and school district taxes are collected by the Town Receiver of Taxes on a single tax bill. Such taxes are due and payable in equal installments on December 1 and May 10, but may be paid without penalty by January 10 and May 31, respectively. Penalties on unpaid taxes are 1% per month from the date such taxes are due and payable and 10% after May 31.

The Receiver of Taxes distributes the collected tax money to the Town, fire and school districts prior to distributing the balance to the County. Uncollected amounts are not segregated by the Receiver of Taxes and any deficiency in tax collection is the County's responsibility. The Town thereby is assured to receive its tax levy.

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the New York Laws of 2011 (the "Tax Levy Limit Law") on June 24, 2011, all the taxable real property within the Town had been subject to the levy of ad valorem taxes to pay the bonds and notes of the Town and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law, as amended, imposes a tax levy limitation upon the Town for any fiscal year commencing after January 1, 2012, without providing an exclusion for debt service on obligations issued by the Town. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town to pay the bonds and notes of the Town and interest thereon is subject to statutory limitations set forth in Tax Levy Limit Law.

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 Town, subject to certain exceptions. The Tax Levy Limit Law permits the Town 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 Town 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 Town, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Town. The Town Board is authorized to adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Town Board first enacts, by a vote of at least sixty percent of the total voting power of the governing board of the Town, 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 Town 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.

Tax Rates

	Tax Rates (Per \$1,000 Assessed Valuation) Fiscal Year Ending December 31:				
	2022	2023	2024	2025	2026
General - Townwide	\$ 268.89	\$ 269.65	\$ 281.69	\$ 301.10	\$ 309.09
General - Outside Village	9.88	8.27	8.72	9.22	9.66
Highway	60.45	60.02	59.54	63.57	61.93

Large Taxable Properties 2025-2026 Assessment Roll^a

Name	Type	Assessed Valuation
Peconic Landing @Southold	Health Building	\$633,348
L I Power Authority	Electric & Gas	514,000
Robins Island Hldngs LLC	Estate	319,300
Mattituck Plaza LLC	Neighborhood Shopping Ctr	189,200
Keyspan Energy Corp	Electric & Gas	97,133
Driftwood Cove Owners Inc	Apartment	89,752
E & C Property Holding	Motel	83,000
Norris, Susan	Estate	82,500
Keyspan Energy Corp	Electric & Gas	77,724
Fishers Island Dev Corp	Private Gold County Club	77,658
CSC Acquisition-NY Inc	Television	72,112
Hanley 2024 FI QPRT	Estate	71,700
Serota Cutchogue LLC	Neighborhood Shopping Ctr	71,300
Village of Greenport	Sewage Treatment	70,000
NH SAG LLC	Estate	65,300
Total ^b		<u>\$2,514,027</u>

a. Assessment Roll established in 2025 for levy and collection of taxes during 2026 Fiscal Year.

b. Represents approximately 2.21% of the total taxable assessed valuation of the Town for 2026.

LITIGATION

The Town of Southold is subject to a number of lawsuits in the ordinary conduct of its affairs. For the most part, any potential adverse decisions in such suits, either individually or in the aggregate, are not likely to have a material adverse effect on the Town due to indemnity and insurances provisions incorporated in all contractual relationships. The few actions arising out of alleged negligence are covered by applicable insurance with small self-retentions. Overall, the number of pending actions against the Town are minimal. The following matters are worth mentioning here:

Squicciarini, James v. Town of Southold

Claimant James Squicciarini, the former Deputy Town Attorney for the Town of Southold (January 2023 - December 31, 2025), served a Notice of Claim on February 4, 2026 (Claim No. THOLD-2026-002-001; File No. 260034LI), and filed a parallel Public Employee Safety and Health (PESH) complaint with the New York State Department of Labor on November 21, 2025. He alleges a continuing course of unlawful employment-related conduct from 2023 through the end of his employment, including workplace intimidation, improper alteration of his payroll and Kronos timekeeping records during his post-surgical remote-work period in February 2024, disparate compensation from 2023 through 2026, and a retaliatory non-reappointment on November 5, 2025. Claimant seeks damages for lost wages and benefits, diminished earning capacity, emotional distress, reputational harm, claimed physical injury and medical treatment, and attorneys' fees. He is presently proceeding pro se.

Although Claimant does not enumerate specific causes of action, his allegations may support claims for (1) whistleblower retaliation under New York Labor Law § 740 and Civil Service Law § 75-b; (2) disability discrimination, failure to accommodate, hostile work environment, and retaliation under the NYSHRL and the ADA; (3) First Amendment retaliation and procedural due process under 42 U.S.C. § 1983; and (4) common-law negligent hiring, supervision, and retention. The Town's defense posture is strong on several fronts. Because the Notice of Claim was served on February 4, 2026, General Municipal Law § 50-e bars state-law and Human Rights Law claims accruing before approximately November 1, 2025, which eliminates the vast majority of the alleged conduct, including the 2023 workplace incidents, the 2024 accommodation and payroll disputes, and 2024-2025 compensation issues. The decision to eliminate the Deputy Town Attorney position was made during the September 2025 budget process, predating Claimant's October 20 and October 23, 2025 "Comprehensive Memorandum of Record" and defeating the temporal inference of retaliatory causation. The Town also provided the requested ADA accommodation by allowing remote work post-surgery and correcting the Kronos pay shortfall once authorization issued, and the position carried no entitlement to renewal, defeating the procedural due process claim. Most of Claimant's speech arose from his official duties and concerned his own employment conditions, weakening any First Amendment theory, and municipalities are generally immune from claims arising out of discretionary hiring, supervision, and retention decisions.

The investigation conducted by an independent investigator (November 2025 through February 24, 2026) materially supports the Town's defense: the investigator found no discrimination, retaliation, or unlawful conduct, concluded workplace conflict was mutual, found payroll practices proper, and confirmed the budget drove the non-renewal decision. Notable risk factors remain. The investigator did not find a certain witness entirely credible and concluded that witness engaged in insubordination, profanity, and verbal outbursts that exacerbated tensions, played a significant role in the interpersonal conflict, and was likely responsible for the February 2024 payroll processing error. The investigator also identified a potential technical lapse in the Town's failure to follow internal workplace-violence procedures by not initiating a formal investigation. Claimant may pursue a continuing-violation theory on his hostile work environment claim, although that Town employee has since left Town employment, and his well documented October through December 2025 health and safety complaints may create issues of fact sufficient to survive a motion to dismiss on First Amendment retaliation. Defense counsel further notes Claimant's prior litigation history (including a First Amendment suit against the Amityville Fire Department), a prior psychiatric IME finding "significant aspects of a narcissistic personality structure," and a documented pattern of building a litigation record.

Damages exposure is limited. Claimant earned approximately \$157,871 in 2025 in an annual, discretionary appointment with no entitlement to renewal, making any claim for lost future earnings speculative, and the Kronos wage-loss theory is undermined by the corrected payroll. The primary categories of recovery would be emotional distress and reputational damages, both materially limited by the independent investigation's findings, along with claimed physical injury and medical treatment. Attorneys' fees are available under the NYSHRL, Labor Law, and § 1983 if Claimant prevails, although he is currently pro se. Defense counsel is preparing a position statement in response to the PESH complaint to the New York State Department of Labor. Claimant has adjourned his General Municipal Law § 50-h examination and has not committed to a new date; a summary of his testimony will be provided after completion. Sokoloff Stem LLP (Steven C. Stem) will continue to report all material developments.

Soullas v. Town of Southold (Claim No. THOLD-2019-013-002; Index No. 601833/2021; Our File No. NM9189N3) arises from a boat incident on November 10, 2019, at approximately 9:15 p.m. in Mattituck, Suffolk County, within the Town's jurisdiction. A Cobalt watercraft (approximately 25 to 35 feet) operated by Francesco Distefano allegedly on autopilot attempted to enter James Creek and struck a bulkhead, killing passenger Kelley Blanchard and injuring her sister Megan Blanchard and passenger Nicholas Soullas. All three injured parties (or their estate) have commenced actions, consolidated by order dated June 12, 2025, after the matter was returned from federal court following Distefano's maritime limitation-of-liability motion. Codefendants include Distefano and the Strong's Marine entities, which sold the boat to Distefano and - as learned through this deposition - made repairs immediately before the accident. The plaintiffs' theory against the Town is that buoys placed at the entrance

of James Creek lacked a required "lighted buoy." On May 7, 2026, Devitt Spellman Barrett LLP (David S. Pallai) deposed the Estate of Kelley Blanchard through its administrator, William Blanchard, the decedent's father, who holds limited letters and prosecutes this matter on behalf of the estate. A boating expert has been retained to review the voluminous records, including any available GPS data on time, speed, and course.

Mr. Blanchard presented as an articulate and effective witness. He confirmed that decedent Kelley Blanchard (DOB 10/26/1992) provided no financial support to him and that he provided only occasional financial help to her, which materially limits the pecuniary loss component of the wrongful death claim. At the time of the incident Kelley was employed full-time in sales at Riverhead Nissan and was preparing to move to the Smithtown area. Significantly for liability, Mr. Blanchard testified that he is himself an experienced mariner: he worked in the family wallpaper business from 1989 through 2001, then "stepped aside" to obtain a captain's license authorizing him to sell vessels up to 100 tons, has been boating since age 16, and held a U.S. Merchant Marine credential for over twenty years. He has navigated James Creek multiple times. In approximately 2018, after Distefano acquired the Cobalt, Mr. Blanchard met him at Strong's Marine and went out on the boat for several hours to demonstrate its navigation suite - chart plotter, GPS, autopilot, radar (rated to approximately 14 miles and sensitive enough to detect buoys), and VHF radio. He testified that he personally operated the boat on autopilot during that outing and set "waypoint number 1" as the outermost white sea buoy at the entrance of James Creek, approximately 150 yards offshore, which also functioned as the five-mile-per-hour marker.

Several aspects of the testimony are favorable to the Town. Mr. Blanchard described the buoy configuration at the James Creek entrance (he recalled two red, two white, and one additional white buoy, with the outermost white buoy approximately 150 yards offshore), consistent with our position that buoys were properly placed- a fact confirmed by U.S. Coast Guard inspection the morning after the incident. He also relayed that Distefano had been drinking at Claudio's and Legends on video before what would have been an approximately fifteen-minute final approach. Most consequentially, Mr. Blanchard testified that the boat had been out of the water at Strong's Marine from approximately July 2019 through the date of the incident for transmission repair. While he was hospitalized in December 2019 following an attempt on his life shortly after the accident, a longtime contracting acquaintance named Dave Morgan visited and relayed information sourced through Morgan's brother from an individual identified only as "Joe" at Strong's Marine: that while the boat was out of the water both the main and backup batteries died and erased all waypoints, and that someone at Strong's Marine reset "waypoint 1" to the Strong's Marine dock location rather than the outer sea buoy, with that employee reportedly remarking "you can't fix stupid." This testimony - although multi-level hearsay and subject to admissibility challenge - supports a theory that Distefano may have relied on autopilot expecting to be guided to the outer buoy when in fact the autopilot was navigating to a dock several hundred yards inside the creek entrance, shifting causation toward Strong's Marine. The dispositive question for the Town remains whether any of the buoys were required to be lit and whether a lit buoy would have prevented the collision; documents in the action reference a U.S. Coast Guard "lighting chart" apparently indicating at least one buoy was to be lit, but Mr. Blanchard's testimony reinforces the alternate question of how a helmsman with a functioning windshield, radar, and shoreline visibility failed to see the bulkhead at all.

Damages exposure on the wrongful death claim is materially limited. Because Kelley Blanchard provided no financial support to her father, pecuniary losses are minimal and the estate's recovery is essentially confined to funeral expenses and sundry items, though pre-impact terror and pain and suffering remain in play. Mr. Blanchard's own emotional and psychiatric history following the accident, including a near-fatal suicide attempt within months of the incident, is a sensitive but potentially relevant area depending on the claims pled and damages sought. Defense counsel will continue with depositions of Nicholas Soullas, Francesco Distefano, and ultimately Town witnesses, and will arrange for a physical examination of Megan Blanchard, who is also being deposed (a separate report will follow). The retained boating expert will integrate the deposition testimony, GPS and chart-plotter data, and Strong's Marine repair records to render an opinion on causation. Devitt Spellman Barrett LLP will continue to report all material developments.

Frank Kelly and Elizabeth Kelly v. Southold

This matter is a civil rights action under the Americans with Disabilities Act, and other theories, wherein Frank and Elizabeth Kelly claim that the Town has improperly denied their requests for a permit to use a recreational vehicle or trailer home in the parking lot of their marina. The matter has a lengthy history. Upon purchasing a small marina, the Kellys began camping in the parking lot with a recreational vehicle and engaging in other activities that disturbed their neighbors. In response to complaints, the Town commenced an action for declaratory relief and obtained a temporary restraining order prohibiting the Kellys from using an RV in the parking lot without permission from the Town, which was eventually converted to a preliminary injunction with declaratory relief to the effect that recreational vehicles, mobile homes, and house trailers cannot be used outside of designated trailer parks or tourist camps without special permission. The Kellys refused to remove the RV and were found in contempt multiple times, and for a period replaced the RV with a large mobile home. Currently, another contempt motion is in the process of being filed regarding the RV. Additionally, there are storage containers and various items of

personal property on the property. A judgment was issued, requiring the Kellys to remove these items by May 5, 2026. The judgment is self-executing, meaning that if the Kellys did not remove these items by the required date, the Town has permission to do so. The Kellys did not remove the property within the required period as ordered by the Court, and the Town was pre-emptively awarded \$3,000 in costs in order to remove the items. The Kellys repeatedly sought a permit from the Town Board, which was denied as the requests did not meet the Town's policy as to the limited reasons why it will allow a trailer to be used outside of a designated trailer park. As the Kelly's explanations for their request evolved over time, they began claiming that the reason they needed a recreational vehicle or house trailer on the lot was because Mr. Kelly has diabetes and his wife has arthritis, and so they claim they need access to a bathroom, kitchen, and bedroom to accommodate those disabilities. Their first federal complaint, which also included allegations related to an extreme risk protection order wherein Mr. Kelly's firearms were seized in response to threatening comments and correspondence to the Town Justice Court, was withdrawn prior to a motion to dismiss being briefed, and an amended complaint was dismissed with leave to replead some limited allegations. A second amended complaint has been filed, much of which was dismissed by the Court without briefing as being duplicative of causes of action that were previously dismissed with prejudice, and a briefing schedule has been set in connection with dismissal of the remaining claims. The exposure, if any, appears limited to injunctive relief, garden variety emotional distress, and attorney's fees. A recent magistrate recommendation suggested a dismissal of most of the remaining claims. Under the circumstances, the claims continue to appear highly defensible and an adverse result is not anticipated.

Robert DeJesus v Town of Southold

This matter alleges certain violations of the NYS Human Rights Law and seeks damages for alleged injuries as a result of instances of purported racial discrimination and retaliation by the Town and its supervisory employees at the Highway Department. The action was recently filed and the Town has not yet appeared in the action through the filing of an Answer. The claims made in the complaint have previously been investigated and considered at a previous grievance hearing and have found to be unsubstantiated by an administrative judge. The exposure, if any, appears limited in nature. The claims appear to be defensible and an adverse result is not anticipated. As an update, the Town filed a motion to dismiss the complaint and was denied by the Supreme Court. The Town filed an appeal and is currently awaiting the decision of the Appellate Division Second Department. If the Appellate Division upholds the Supreme Court decision, the Town will then file an answer to the Complaint.

Twin Barns LLC v Town of Southold

Plaintiff in this action seeks reimbursement of property damage sustained in a flood allegedly caused by a failed diffusion well installed by the developer of the neighborhood. The developer is named as a defendant. The Town maintains the performance bond of the developer, which can be utilized to address any issue revealed to be defective. Initial research into the loss indicates that any damage is unrelated to the diffusion well and is the direct result of the actions of the property owner, who drilled holes into the foundation of his home in an area of poor parcel drainage. The developer is insured and is primary target as the entity installing and maintaining the diffusion well. The exposure to the Town, if any, is passive and appears limited in nature. The claims appear to be defensible and an adverse result is not anticipated.

Fishers Island Ferry District v Town of Southold

This action is brought alleging that the Town violated due process rights by rescinding authority to manage property that is now being used for police barracks. Plaintiff's declaratory relief seeking damages and the immediate removal of the police and return of the property to the plaintiff has been denied by the Court. A motion to dismiss the entire proceeding is currently pending. The claims appear to be defensible and an adverse result is not anticipated.

CYBERSECURITY

The Town, like many other public and private entities, relies on technology to conduct its operations. As recipient and provider of personal, private, or sensitive information, the Town 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 Town invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Town digital networks and systems and the costs of remedying any such damage could be substantial. The Town is currently exploring insurance options to assist with any associated costs should a breach occur.

The Town experienced an incident that impacted multiple systems and required the temporary shutdown and reconstruction of core technology infrastructure. The incident disrupted authentication mechanisms, impaired administrative access to network devices, and limited the Town's ability to manage affected systems. Under emergency authorization, restoration efforts began in coordination with outside cybersecurity experts, federal law enforcement, and governmental partners. Within two weeks, the Town restored all municipal systems and services to full operational status.

ENVIRONMENTAL FACTORS

Environmental factors, including climate change, pose significant risks to the region and the Town. The magnitude of the impact on the Town's operations, economy and financial condition of rising sea levels, coastal flooding and more frequent and extreme weather events is indeterminate and unpredictable. No assurance can be given that the Town will not encounter natural disaster risks, such as hurricanes, tropical storms, heatwaves or catastrophic sea level rise in the future, or that such risks will not have an adverse effect on the operation, economy or financial condition of the Town.

TAX MATTERS – SERIES A NOTES

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Town, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Series A Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series A Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Series A Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The Tax Certificate of the Town (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Series A Notes will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Town in connection with the Series A Notes, and Bond Counsel has assumed compliance by the Town with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Series A Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Town, under existing statutes, interest on the Series A Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any federal, state or local tax consequences arising with respect to the Series A Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement this opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series A Notes.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series A Notes in order that interest on the Series A Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series A Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series A Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Town, in executing the Tax Certificate, will certify to the effect that the Town will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Series A Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series A Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series A Notes. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series A Notes.

Prospective owners of the Series A Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Series A Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a note with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Notes. In general, the issue price for each maturity of Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Notes under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Notes. In general, under Section 1288 of the Code, OID on a Discount Note accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note. An owner’s adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Notes should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Notes.

Note Premium

In general, if an owner acquires a note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “note premium” on that note (a “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the bond and note premium over the remaining term of the Premium Note, based on the owner’s yield over the remaining term of the Premium Note, determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond and note). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Note should consult their own tax advisors regarding the treatment of bond and note premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond and note premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Series A Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing Series A Notes through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series A Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series A Notes under federal or state law or otherwise prevent beneficial owners of the Series A Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series A Notes.

Prospective purchasers of the Series A Notes should consult their own tax advisors regarding the foregoing matters.

TAX MATTERS - SERIES B NOTES (FEDERALLY TAXABLE)

In the opinion of Bond Counsel to the Town, interest on the Series B Notes (i) is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the "Code") and (ii) is exempt, under existing statutes, from personal income taxes imposed by the State of New York and its political subdivisions, including The City of New York.

The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of Series B Notes by original purchasers of the Series B Notes who are "U.S. Holders," as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Series B Notes will be held as "capital assets"; and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances or to U.S. Holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Series B Notes as a position in a "hedge" or "straddle," U.S. Holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, U.S. Holders who acquire Series B Notes in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Certain taxpayers that are required to prepare certified financial statements and file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Series B Notes at the time that such income, gain or loss is taken into account on such financial statements instead of under the rules described below.

U.S. Holders of Series B Notes should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Series B Notes as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Original Issue Discount

In general, if Original Issue Discount ("OID") is greater than a statutorily defined de minimis amount, a U.S. Holder of a Series B Notes having a maturity of more than one year from its date of issue must include in federal gross income (for each day of the taxable year, or portion of the taxable year, in which such U.S. Holder holds such Series B Notes) the daily portion of OID, as it accrues (generally on a constant-yield method) and regardless of the U.S. Holder's method of accounting. "OID" is the excess of (i) the "stated redemption price at maturity" over (ii) the "issue price." For purposes of the foregoing: "issue price" means the first price at which a substantial amount of the Series B Note is sold to the public (excluding Note houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); "stated redemption price at maturity" means the sum of all payments, other than "qualified stated interest," provided by such Series B Notes; "qualified stated interest" is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate; and "de minimis amount" is an amount equal to 0.25 percent of the Series B Notes' stated redemption price at maturity multiplied by the number of complete years to its maturity. A U.S. Holder may irrevocably elect to include in gross income all interest that accrues on a Series B Notes using the constant-yield method, subject to certain modifications.

Acquisition Discount on Short-Term Taxable Notes

Each U.S. Holder of a Series B Notes with a maturity not longer than one year (“Short-Term Taxable Notes”) is subject to rules of Sections 1281 through 1283 of the Code, if such U.S. Holder is an accrual method taxpayer, bank, regulated investment company, common trust fund or among certain types of pass-through entities, or if the Short-Term Taxable Notes is held primarily for sale to customers, is identified under Section 1256(e)(2) of the Code as part of a hedging transaction, or is a stripped Note or coupon held by the person responsible for the underlying stripping transaction. In any such instance, interest on, and “acquisition discount” with respect to, the Short-Term Taxable Note accrue on a ratable (straight-line) basis, subject to an election to accrue such interest and acquisition discount on a constant-interest-rate basis using daily compounding. “Acquisition discount” means the excess of the stated redemption price of a Short-Term Taxable Note at maturity over the U.S. Holder’s tax basis therefor.

A U.S. Holder of a Short-Term Taxable Note not described in the preceding paragraph, including a cash-method taxpayer, must report interest income in accordance with the U.S. Holder’s regular method of tax accounting, unless such U.S. Holder irrevocably elects to accrue acquisition discount currently.

Note Premium

In general, if a Series B Note is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Series B Note other than “qualified stated interest” (a “Taxable Premium Note”), that Taxable Premium Note will be subject to Section 171 of the Code, relating to Note premium. In general, if the U.S. Holder of a Series B Note elects to amortize the premium as “amortizable Note premium” over the remaining term of the Series B Note, determined based on constant-yield principles (in certain cases involving a Series B Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such Note), the amortizable premium is treated as an offset to interest income; the U.S. Holder will make a corresponding adjustment to the U.S. Holder’s basis in the Series B Notes. Any such election is generally irrevocable and applies to all debt instruments of the U.S. Holder (other than tax-exempt Notes) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the U.S. Holder of a Series B Note may realize a taxable gain upon disposition of the Series B Note even though it is sold or redeemed for an amount less than or equal to the U.S. Holder’s original acquisition cost.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of Series B Notes, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder’s adjusted tax basis in the Series B Notes.

The Town may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Series B Notes to be deemed to be no longer outstanding. For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Series B Notes subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate U.S. Holders of the Series B Notes with respect to payments of principal, payments of interest, and the accrual of OID on Series B Notes and the proceeds of the sale of Series B Notes before maturity within the United States. Backup withholding may apply to U.S. Holders of Series B Notes under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner’s United States federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders

The term “U.S. Holder” means a beneficial owner of Series B Notes that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series B Notes under state law and could affect the market price or marketability of the Series B Notes.

Prospective purchasers of the Series B Notes should consult their own tax advisors regarding the foregoing matters.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of the law firm of Hawkins Delafield & Wood LLP, Bond Counsel to the Town. Said opinion will be available at the time of delivery of the Notes, and will be substantially in the form set forth in Appendix C.

DISCLOSURE UNDERTAKING

At the time of the delivery of the Notes, the Town will provide an executed copy of its Undertaking to Provide Notice of Events substantially in the form set forth in Appendix D.

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

RATING

The Notes are not rated.

Moody's Investors Service ("Moody's") has assigned a rating of "Aaa" to the outstanding bonds of the District. This rating will reflect only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody's, 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such ratings could have an adverse effect on the market price of the bonds or the availability of a secondary market for such bonds.

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 Town 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 Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the Town and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Town or the information set forth in this Official Statement or any other information available to the Town 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 Michelle Nickonovitz, CPA, Comptroller, Town of Southold, 54375 Route 25, Southold, New York 11971, telephone number (631) 765-4333 and email: michellen@southoldtownny.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 Town nor Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, Inc. and the Town 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 Town 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 Town and the original purchasers or owners of any of the Notes.

The preparation and distribution of this Official Statement has been authorized by the resolutions of the Town which delegate to the Town Supervisor the power to sell and issue the Notes.

TOWN OF SOUTHOLD, NEW YORK

By: s/s ALBERT J. KRUPSKI
Town Supervisor and Chief Fiscal Officer
Town of Southold
Southold, New York

September , 2026

APPENDIX A

FINANCIAL INFORMATION

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Balance Sheet
General Fund

	Fiscal Year Ending December 31:		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
Assets:			
Cash and Investments	\$ 37,273,484	\$ 41,132,346	\$ 40,419,726
Accounts Receivable	56,440	115,462	75,293
Due From Other Funds	723,549	314,246	229,271
Due From Fiduciary Funds	750		
State and Federal Aid Receivables	45,551	69,614	19,894
Due From Other Governments	626,150	729,507	553,179
Leases Receivable	2,082,220	2,018,948	1,952,458
Inventory of Material & Supplies	4,975	2,582	2,046
Prepaid Expenses	1,303,112	1,500,283	1,032,346
	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ 42,116,231	\$ 45,882,988	\$ 44,284,213
	<u> </u>	<u> </u>	<u> </u>
Liabilities:			
Accounts Payable & Accrued Liabilities	\$ 738,048	\$ 926,192	\$ 1,209,891
Judgements and Claims	124		
Due to Other Funds	3,098,208	3,648,358	3,573,701
Due to Component Units	757,860	981,751	
Other Liabilities			17,843
Unearned Revenues & Deferred Inflows	11,186,730	12,212,305	9,771,853
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	15,780,970	17,768,606	14,573,288
	<u> </u>	<u> </u>	<u> </u>
Fund Balances			
Nonspendable	1,445,626	1,689,882	1,034,392
Committed	717,629	642,671	
Assigned	2,572,948	4,304,603	4,393,019
Unassigned	21,599,058	21,477,226	24,283,514
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	26,335,261	28,114,382	29,710,925
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	\$ 42,116,231	\$ 45,882,988	\$ 44,284,213
	<u> </u>	<u> </u>	<u> </u>

Sources: Audited Financial Statements (2023-2024) & Annual Financial Report (2025)

NOTE: This Schedule is NOT audited

Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund Town Wide

	Fiscal Year Ending December 31:				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Revenues:					
Real Property Taxes	\$ 29,494,458	\$ 29,943,980	\$ 31,031,438	\$ 31,716,748	\$ 34,054,088
Other Real Property Tax Items	74,753	337,027	341,687	364,123	375,779
Non-Property Tax Items	1,288,673	1,490,273	1,759,073	1,893,473	1,759,073
Departmental Income	428,764	536,637	460,247	414,062	399,217
Intergovernmental Charges	108,753	123,656	264,494	158,395	182,772
Use of Money & Property	211,304	483,545	1,185,994	1,639,254	1,480,912
Licenses & Permits	390,783	370,411	521,868	594,196	595,007
Fines & Forfeitures	398,097	323,203	368,222	354,583	358,806
Sale of Property & Comp. for Loss	140,156	85,447	172,781	254,625	108,983
Miscellaneous Local Sources	194,968	175,751	186,690	90,920	90,092
Interfund Revenues	138,371	5,756	5,129	10088	
State Aid	2,904,219	2,998,310	1,945,766	2,007,516	2,087,585
Federal Aid	707,341	344,633	821,734	2,002,468	2,555,658
	<u>36,480,640</u>	<u>37,218,629</u>	<u>39,065,123</u>	<u>41,500,451</u>	<u>44,047,972</u>
Total Revenues					
Expenditures:					
General Government Support	7,616,459	7,581,637	8,558,741	8,723,181	9,317,317
Public Safety	10,488,200	10,468,535	10,972,152	12,040,821	12,102,312
Public Health	43,300	43,300	43,300	43,300	43,300
Transportation	858,603	666,231	569,855	1,952,896	2,766,938
Economic Assistance & Opportunity	1,190,441	1,315,973	1,374,421	1,455,119	1,379,075
Culture & Recreation	349,272	331,389	460,048	402,468	384,325
Home & Community Services	512,630	343,616	452,870	763,859	597,427
Employee Benefits	10,063,274	10,514,314	11,300,883	12,728,680	13,379,048
Debt Service Principal & Interest	518,716	1,020,089	1,220,675	1,508,318	2,466,319
	<u>31,640,895</u>	<u>32,285,084</u>	<u>34,952,945</u>	<u>39,618,642</u>	<u>42,436,061</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over Expenditures	<u>4,839,745</u>	<u>4,933,545</u>	<u>4,112,178</u>	<u>1,881,809</u>	<u>1,611,911</u>
Other Financing Sources (Uses):					
Operating Transfers In		720,862	787,398	744,297	1,048,942
Operating Transfers Out	<u>(605,091)</u>	<u>(1,404,796)</u>	<u>(1,731,393)</u>	<u>(846,985)</u>	<u>(421,640)</u>
Total Other Financing Sources (Uses)	<u>(605,091)</u>	<u>(683,934)</u>	<u>(943,995)</u>	<u>(102,688)</u>	<u>627,302</u>
Excess (Deficiency) of Revenues & Other Sources Over Expenditures and Other Uses	<u>4,234,654</u>	<u>4,249,611</u>	<u>3,168,183</u>	<u>1,779,121</u>	<u>2,239,213</u>
Fund Balance Beginning of Year	<u>14,682,813</u>	<u>18,917,467</u>	<u>23,167,078</u>	<u>26,335,261</u>	<u>28,114,382</u>
Prior Period Adjustments					<u>(642,671)</u>
Fund Balance End of Year	<u>\$ 18,917,467</u>	<u>\$ 23,167,078</u>	<u>\$ 26,335,261</u>	<u>\$ 28,114,382</u>	<u>\$ 29,710,924</u>

Sources: Audited Financial Statements (2021-2024) & Annual Financial Report (2025)

NOTE: This Schedule is NOT audited

Statement of Revenues, Expenditures and Changes in Fund Balance
Highway Fund Town Wide

	Fiscal Year Ending December 31:				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Revenues:					
Real Property Taxes	\$ 5,793,219	\$ 6,388,642	\$ 6,421,797	\$ 6,361,854	\$ 6,847,083
Other Real Property Tax Items	1,782	59,476	60,524	58,205	59,227
Use of Money & Property	6,458	68,831	221,069	288,760	230,249
Licenses & Permits	98,469	58,690	162,070	65,970	42,660
Sale of Property & Comp. for Loss	6,297	5,719	8,199	73,805	9,347
Miscellaneous Local Sources	14,762	5,688	3,182	3,293	799,467
State Aid	866,888	1,006,132	1,113,720	1,112,634	1,152,080
Federal Aid	99,288	8,888			13,500
	<u>6,887,163</u>	<u>7,602,066</u>	<u>7,990,561</u>	<u>7,964,521</u>	<u>9,153,613</u>
Total Revenues					
Expenditures:					
General Government Support	67,335	10,598	17,749	8,734	8,487
Transportation	3,638,055	3,959,616	3,981,755	4,112,392	4,291,316
Employee Benefits	1,762,808	1,793,188	1,937,796	2,149,084	2,190,547
Debt Service Principal & Interest	142,627	329,267	407,889	278,524	288,129
	<u>5,610,825</u>	<u>6,092,669</u>	<u>6,345,189</u>	<u>6,548,734</u>	<u>6,778,479</u>
Total Expenditures					
Excess (Deficiency) of Revenues Over Expenditures	<u>1,276,338</u>	<u>1,509,397</u>	<u>1,645,372</u>	<u>1,415,787</u>	<u>2,375,134</u>
Other Financing Sources (Uses):					
Operating Transfers In				33,743	
Operating Transfers Out	<u>(591,705)</u>	<u>(999,854)</u>	<u>(1,516,686)</u>	<u>(2,086,110)</u>	<u>(743,391)</u>
Total Other Financing Sources (Uses)	<u>(591,705)</u>	<u>(999,854)</u>	<u>(1,516,686)</u>	<u>(2,052,367)</u>	<u>(743,391)</u>
Excess (Deficiency) of Revenues & Other Sources Over Expenditures and Other Uses	<u>684,633</u>	<u>509,543</u>	<u>128,686</u>	<u>(636,580)</u>	<u>1,631,743</u>
Fund Balance Beginning of Year	<u>2,973,660</u>	<u>3,658,293</u>	<u>4,167,836</u>	<u>4,296,522</u>	<u>3,659,942</u>
Prior Period Adjustments					(4)
Fund Balance End of Year	<u>\$ 3,658,293</u>	<u>\$ 4,167,836</u>	<u>\$ 4,296,522</u>	<u>\$ 3,659,942</u>	<u>\$ 5,291,681</u>

Sources: Audited Financial Statements (2021-2024) & Annual Financial Report (2025)

NOTE: This Schedule is NOT audited

Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Government Funds ^a

	Fiscal Year Ending December 31:				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Revenues:					
Real Property Taxes	\$ 3,847,489	\$ 4,077,794	\$ 3,851,954	\$ 3,401,253	\$ 4,795,611
Other Real Property Tax Items	270	35,822	33,497	30,148	16,876
Non-Property Tax Items	696,012	680,832	2,015,968	3,402,789	719,616
Departmental Income	3,812,002	3,474,417	3,762,604	4,262,019	4,153,439
Use of Money & Property	8,452	33,076	142,744	221,733	213,566
Licenses & Permits	245,433	319,478	223,830	295,333	176,395
Sale of Property & Comp. for Loss	230,035	290,097	304,794	375,113	521,564
Miscellaneous Local Sources	8,957	10,547	13,973	5,221	8,520
State Aid	88,328	105,229	114,983	127,094	97,947
Federal Aid	157,607	66,824	353,888	51,756	283,064
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenues	9,094,585	9,094,116	10,818,235	12,172,459	10,986,598
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Expenditures:					
General Government Support	542,836	468,049	519,696	570,914	501,468
Public Safety	1,613,370	1,636,625	1,780,530	1,818,560	1,872,015
Home & Community Services	3,969,052	3,782,537	4,632,971	4,305,431	5,572,248
Employee Benefits	1,523,986	1,562,125	1,732,216	1,906,931	2,201,759
Debt Service Principal & Interest	307,182	349,220	364,280	323,547	366,316
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	7,956,426	7,798,556	9,029,693	8,925,383	10,513,806
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Excess (Deficiency) of Revenues Over Expenditures	1,138,159	1,295,560	1,788,542	3,247,076	472,792
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other Financing Sources (Uses):					
Operating Transfers In	148		32,515	9,224	
Operating Transfers Out	(80,000)	(182,838)	(125,000)	(157,127)	(108,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	(79,852)	(182,838)	(92,485)	(147,903)	(108,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Excess (Deficiency) of Revenues & Other Sources Over Expenditures and Other Uses	1,058,307	1,112,722	1,696,057	3,099,173	364,792
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balance Beginning of Year	3,877,233	4,935,540	6,048,262	7,744,319	10,843,492
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Prior Period Adjustments					90,963
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balance End of Year	\$ 4,935,540	\$ 6,048,262	\$ 7,744,319	\$ 10,843,492	\$ 11,299,247
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

a. Includes the following funds: General Fund Part Town, Special Grant Fund, East-West Fire Protection Fund, Southold Wastewater Wastewater Fishers Island Sewer District and Solid Waste Management District

Sources: Audited Financial Statements (2021-2024) & Annual Financial Report (2025)

NOTE: This Schedule is NOT audited

Budget Summary

Fiscal Year Ending December 31, 2025

Fund	Appropriations & Provisions for Other Uses	Less: Estimated Revenues	Less: Unexpended Balance	Amount to Be Raised by Tax
General	\$ 44,329,838	\$ 6,475,750	\$ 3,800,000	\$ 34,054,088
General - Outside Village	4,097,911	2,705,188	400,000	992,723
Highway - Townwide	8,784,825	1,292,742	645,000	6,847,083
Community Preservation Fund	25,788,391	9,675,736	16,112,655	
Community Housing Fund	2,235,309	1,001,500	1,233,809	
Risk Retention Fund	857,000	857,000		
Total - Town	\$ 86,093,274	\$ 22,007,916	\$ 22,191,464	\$ 41,893,894
East-West Fire Protection District	900,697	8,000		892,697
Fishers Island Ferry District	7,993,867	6,545,700		1,448,167
Solid Waste Management District	5,086,644	3,086,500	250,000	1,750,144
Fishers Island Sewer District	66,100	66,100		
F.I. Waste Management District	1,227,155	81,370		1,145,785
Orient Mosquito District	103,600			103,600
Subtotal - Special Districts	\$ 15,378,063	\$ 9,787,670	\$ 250,000	\$ 5,340,393
Orient-East Marion Park District	90,000			90,000
Southold Park District	391,209	30,000		361,209
Cutchogue - New Suffolk Park Dist.	236,644	1,062		235,582
Mattituck Park District	738,100	146,100		592,000
Subtotal - Park Districts	\$ 1,455,953	\$ 177,162	\$ 0	\$ 1,278,791
Fishers Island Fire District	1,164,068			1,164,068
Orient Fire District	1,179,411	95,000		1,084,411
East Marion Fire District	851,000	109,700		741,300
Southold Fire District	2,413,344	80,000		2,333,344
Cutchogue Fire District	2,742,149	77,000		2,665,149
Mattituck Fire District	3,041,672	21,000		3,020,672
Subtotal - Fire Districts	\$ 11,391,644	\$ 382,700	\$ 0	\$ 11,008,944
Total - All Districts	28,225,660	10,347,532	250,000	17,628,128
Grand Total	\$ 114,318,934	\$ 32,355,448	\$ 22,441,464	\$ 59,522,022

Source: Town of Southold Summary of Town Budget 2025 adopted.

Budget Summary

Fiscal Year Ending December 31, 2026

Fund	Appropriations & Provisions for Other Uses	Less: Estimated Revenues	Less: Unexpended Balance	Amount to Be Raised by Tax
General	\$ 46,172,172	\$ 6,956,776	\$ 4,000,000	\$ 35,215,396
General - Outside Village	4,190,696	2,742,588	400,000	1,048,108
Highway - Townwide	8,500,338	1,378,625	400,000	6,721,713
Community Preservation Fund	33,446,422	12,552,771	20,893,651	0
Community Housing Fund	4,801,673	2,040,000	2,761,673	0
Risk Retention Fund	897,000	897,000		0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total - Town	\$ 98,008,301	\$ 26,567,760	\$ 28,455,324	\$ 42,985,217
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
East-West Fire Protection District	951,571	8,500		943,071
Fishers Island Ferry District	7,179,390	5,702,260		1,477,130
Solid Waste Management District	5,282,901	3,090,500	250,000	1,942,401
Fishers Island Sewer District	66,100	66,100		
F.I. Waste Management District	1,396,201	92,500		1,303,701
Orient Mosquito District	105,000			105,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Subtotal - Special Districts	\$ 14,981,163	\$ 8,959,860	\$ 250,000	\$ 5,771,303
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Orient-East Marion Park District	93,600			93,600
Southold Park District	393,433	25,000		368,433
Cutchogue - New Suffolk Park Dist.	382,314	1,768		380,546
Mattituck Park District	818,900	167,700		651,200
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Subtotal - Park Districts	\$ 1,688,247	\$ 194,468	\$ 0	\$ 1,493,779
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fishers Island Fire District	1,228,975			1,228,975
Orient Fire District	1,284,424	95,000		1,189,424
East Marion Fire District	861,400	99,700		761,700
Southold Fire District	2,293,550	80,000		2,213,550
Cutchogue Fire District	3,112,299	77,000		3,035,299
Mattituck Fire District	3,125,154	21,900		3,103,254
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Subtotal - Fire Districts	\$ 11,905,802	\$ 373,600	\$ 0	\$ 11,532,202
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total - All Districts	28,575,212	9,527,928	250,000	18,797,284
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Grand Total	\$ 126,583,513	\$ 36,095,688	\$ 28,705,324	\$ 61,782,501
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Source: Town of Southold Summary of Town Budget 2026 adopted.

TOWN OF SOUTHOLD
APPENDIX B
UNAUDITED ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025

► [Click Here For 2025 AFR](#)

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

APPENDIX C

FORM OF BOND COUNSEL OPINIONS

September __, 2026

The Town Board of the
Town of Southold, in the
County of Suffolk, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Southold (the “Town”), in the County of Suffolk, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$17,517,081 Bond Anticipation Note-2026 Series A (the “Note”) of the Town, dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof. Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Note is a valid and legally binding general obligation of the Town for which the Town has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Town is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Note is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Note, the Town will execute a Tax Certificate relating to the Note containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the Town represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Note will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the Town's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Note, and (ii) compliance by the Town with the procedures and certifications set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Note is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We give no assurances as to the accuracy, sufficiency or completeness of the Preliminary or Final Official Statement relating to the Note or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the Town which have been or may hereafter be furnished or disclosed to purchasers of said Note.

Very truly yours,

FORM OF OPINION OF BOND COUNSEL

Hawkins Delafield & Wood LLP
140 Broadway, 42nd Floor
New York, New York 10005

September , 2026

The Town Board of the
Town of Southold, in the
County of Suffolk, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Town of Southold (the “Town”), in the County of Suffolk, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$1,900,000 Bond Anticipation Notes – 2026 Series B (Federally Taxable) (the “Notes”) of the Town dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof. Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes are valid and legally binding general obligations of the Town for which the Town has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Town is subject to the levy of ad valorem real estate taxes to pay the Notes and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Interest on the Notes is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

3. Under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters relating to the Notes.

We give no assurances as to the accuracy, sufficiency or completeness of any proceedings, reports, correspondence, financial statements, or other documents, containing financial or other information relative to the Town which have been or may hereafter be furnished or disclosed to purchasers of said Notes.

Very truly yours,

APPENDIX D

FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

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

“Financial Obligation” shall mean “financial obligation” as such term is defined in the Rule.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

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

“Issuer” shall mean Town of Southold, in the County of Suffolk, a municipal corporation of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the Supervisor as of September 16, 2026.

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

“Securities” shall mean the Issuer’s [**\$17,517,081 Bond Anticipation Notes – 2026, Series A**], [**\$1,900,000 Bond Anticipation Notes – 2026 Series B (Federally Taxable)**] dated September 16, 2026, maturing on September 16, 2027, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;

- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other events affecting the tax status of the Securities;
- (7) modifications to rights of Securities holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, 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 Issuer;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

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

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **September 16, 2026**.

TOWN OF SOUTHOLD, NEW YORK

By _____
Supervisor