This Preliminary Official Statement and the information contained herein are subject to completion or amendment. 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 any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 5, 2026

NEW ISSUE **TAX ANTICIPATION NOTES**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the 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 Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the District, 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. (See "Tax Matters" herein).

*The District will **NOT** designate the Notes as "qualified tax-exempt obligations" pursuant to the provisions of Section 265(b)(3)(B) of the Code.*

SOUTH COUNTRY CENTRAL SCHOOL DISTRICT AT BROOKHAVEN
SUFFOLK COUNTY, NEW YORK

$5,800,000* TAX ANTICIPATION NOTES FOR 2026-2027 TAXES
(the "Notes")

Date of Issue: November 24, 2026 **Maturity Date: June 24, 2027**

The Notes are general obligations of the South Country Central School District at Brookhaven, in Suffolk County, New York (the "District"), and will contain a pledge of the faith and credit of the District 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 District, subject to certain statutory limitations. See "*The Tax Levy Limit Law*" herein.

The Notes will not be subject to redemption prior to maturity. The Notes will be issued in registered form and, at the option of the purchaser(s), the Notes will be (i) registered in the name of the successful bidder(s) or (ii) registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes.

If the Notes are registered in the name of the successful bidder(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the District, at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidders.

If the Notes are issued in book-entry form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of $5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See *"Description of Book-Entry System"* herein).

THE DISTRICT HAS EXPERIENCED SEVERE FINANCIAL DIFFICULTIES ARISING FROM INSUFFICIENT BUDGET ESTIMATES, RELIANCE ON ONE-TIME REVENUES AND PRIOR DEFICIENCIES IN FINANCIAL OVERSIGHT, INTERNAL CONTROLS AND TIMELY FINANCIAL REPORTING. THESE CONDITIONS CONTRIBUTED TO GENERAL FUND OPERATING DEFICITS FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2026. THE DISTRICT'S AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2026 REPORT A DECREASE IN GENERAL FUND BALANCE OF $11,534,264 AND AN UNASSIGNED GENERAL FUND BALANCE DEFICIT OF $9,805,203 AT YEAR-END. ALTHOUGH THE DISTRICT IMPLEMENTED ENHANCED BUDGET MONITORING AND EXPENDITURE CONTROLS DURING THE 2025-2026 FISCAL YEAR, THE AUDIT IDENTIFIED TWO MATERIAL WEAKNESSES RELATING TO THE OVER-EXPENDED GENERAL FUND BUDGET AND THE DISTRICT'S FINANCIAL CONDITION AND FISCAL SUSTAINABILITY.

THE STATE HAS ENACTED SPECIAL LEGISLATION AUTHORIZING THE DISTRICT TO FINANCE ITS ACTUAL GENERAL FUND DEFICIT AT JUNE 30, 2026 IN AN AMOUNT NOT TO EXCEED $11,000,000. PURSUANT TO SUCH LEGISLATION, THE DISTRICT ISSUED $11,000,000 OF DEFICIT BOND ANTICIPATION NOTES ON MAY 28, 2026. SUCH NOTES MATURE ON MAY 28, 2027. THE DISTRICT DEFICIT IS SUBJECT TO CONFIRMATION AND CERTIFICATION BY THE STATE COMPTROLLER AND HAD NOT BEEN DETERMINED AS OF THE DATE OF THIS OFFICIAL STATEMENT. ANY PORTION OF SUCH DEFICIT BOND ANTICIPATION NOTES EXCEEDING THE CERTIFIED DEFICIT MUST BE REDEEMED FROM SOURCES OTHER THAN THE PROCEEDS OF DEFICIT BONDS ISSUED PURSUANT TO SUCH LEGISLATION. THE DISTRICT IS SUBJECT TO ENHANCED STATE FINANCIAL OVERSIGHT, INCLUDING BUDGET REVIEW, PERIODIC FINANCIAL REPORTING AND MULTI-YEAR FINANCIAL PLANNING REQUIREMENTS AS DISCUSSED HEREIN. (SEE "AUTHORIZATIOIN AND PURPOSE OF NOTES" HEREIN). THE NOTES OFFERED HEREBY ARE SEPARATE FROM THE DISTRICT'S OUTSTANDING DEFICIT BOND ANTICIPATION NOTES.

THE DISTRICT ALSO RECEIVED A $7,000,000 STATE AID ADVANCE ON MAY 18, 2026 PURSUANT TO THE SPECIAL LEGISLATION. SUCH ADVANCE REPRESENTS AN ACCELERATION OF FUTURE STATE AID PAYMENTS AND DOES NOT CONSTITUTE ADDITIONAL STATE AID. THE ADVANCE WAS REPORTED AS A DEFERRED INFLOW OF RESOURCES AT JUNE 30, 2026 AND IS REQUIRED TO BE REPAID FROM FUTURE STATE AID ALLOTMENTS. THE DEFICIT FINANCING AND STATE AID ADVANCE PROVIDED NEAR-TERM LIQUIDITY BUT WILL RESULT IN FUTURE DEBT SERVICE REQUIREMENTS AND REDUCTIONS IN STATE AID OTHERWISE AVAILABLE FOR OPERATIONS.

FOLLOWING THE DEFEAT OF THE DISTRICT'S ORIGINAL PROPOSED BUDGET ON MAY 19, 2026, THE QUALIFIED VOTERS OF THE DISTRICT APPROVED A REVISED BUDGET OF $144,846,580 FOR THE 2026-2027 FISCAL YEAR AT A REVOTE HELD ON JUNE 16, 2026. THE APPROVED BUDGET IS $2,317,697, OR APPROXIMATELY 1.57%, BELOW THE PRIOR YEAR'S ADOPTED BUDGET AND INCLUDES $2,684,000 OF APPROPRIATED RESERVES AND NO APPROPRIATION OF UNASSIGNED FUND BALANCE. THE DISTRICT HAS IMPLEMENTED STAFFING REDUCTIONS AND OTHER EXPENDITURE CONTROLS AND IS CONTINUING TO DEVELOP AND IMPLEMENT A MULTI-YEAR FINANCIAL RECOVERY PLAN. HOWEVER, THE DISTRICT'S FISCAL RECOVERY REMAINS INCOMPLETE, AND ITS ABILITY TO ABSORB UNANTICIPATED COSTS IS LIMITED. THERE CAN BE NO ASSURANCE THAT THESE MEASURES WILL ELIMINATE THE STRUCTURAL IMBALANCE, PREVENT FURTHER OPERATING DEFICITS OR RESTORE AVAILABLE FUND BALANCE.

THE FOREGOING COULD ADVERSELY AFFECT THE MARKETABILITY AND MARKET VALUE OF THE NOTES. FOR MORE INFORMATION, SEE "*DISCUSSION OF FINANCIAL OPERATING RESULTS AND CUMULATIVE AND STRUCTURAL DEFICITS*," "*DEFICIT FINANCING LEGISLATION*" AND "*STATE AID ADVANCE*" HEREIN.

Proposals for the Notes will be received on November 17, 2026 at the offices 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. Munistat Services, Inc. has served as Municipal Advisor to the District in connection with the issuance of the Notes. It is expected that delivery of the Notes will be made in New York, New York or as otherwise agreed on or about the Date of Issue stated above.

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

November , 2026

*Preliminary, subject to change.

SOUTH COUNTRY CENTRAL SCHOOL DISTRICT AT BROOKHAVEN
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John Belmonte, Acting Assistant Superintendent for Finance and Management Services
Robert Doyle, Assistant Superintendent for Finance
Erica Frank, District Treasurer
Christine Flynn, District Clerk

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* * *

BOND COUNSEL

HAWKINS

Hawkins Delafield & Wood LLP
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* * *

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No dealer, broker, salesman or other person has been authorized by the District 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 foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor is there 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 District 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 District since the date hereof.

TABLE OF CONTENTS

Page

DISCUSSION OF FINANCIAL OPERATING RESULTS AND CUMULATIVE AND STRUCTURAL DEFICITS 1
- CAUSES OF DEFICITS 1
- AUDITED RESULTS FOR FISCAL YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2026 1
- GENERAL FUND BALANCE 2
- FISCAL YEAR 2025-2026 BUDGET AND CORRECTIVE ACTIONS 2
- DEFICIT FINANCING AND STATE AID ADVANCE 2
- ADOPTED BUDGET FOR FISCAL YEAR ENDING JUNE 30, 2027 AND CONTINUING RECOVERY 3
- GENERAL FUND DEFICIT AT JUNE 30, 2026 3

STEPS TAKEN TO ENHANCE FISCAL OVERSIGHT AND INTERNAL CONTROLS 3

DEFICIT FINANCING LEGISLATION 4

STATE AID ADVANCE 4
- AUDITS AND INVESTIGATIONS 5

THE NOTES 6
- DESCRIPTION 6
- NO OPTIONAL REDEMPTION 6
- DESCRIPTION OF BOOK-ENTRY SYSTEM 6
- AUTHORIZATION AND PURPOSE OF NOTES 7
- SECURITY AND SOURCE OF PAYMENT 7

REMEDIES UPON DEFAULT 8

SECTION 99-B OF THE STATE FINANCE LAW APPLICABLE TO SCHOOL DISTRICTS 9

NO PAST DUE DEBT 10

BANKRUPTCY 10

THE DISTRICT 10
- DESCRIPTION 10
- DISTRICT ORGANIZATION 10
- ENROLLMENT HISTORY 11
- PROJECTED FUTURE ENROLLMENT 11
- DISTRICT FACILITIES 12
- EMPLOYEES 12

ECONOMIC AND DEMOGRAPHIC INFORMATION 12
- POPULATION TRENDS 12
- INCOME DATA 13
- MAJOR EMPLOYERS IN THE TOWN OF BROOKHAVEN 13
- UNEMPLOYMENT RATE STATISTICS 14

INDEBTEDNESS OF THE DISTRICT 14
- CONSTITUTIONAL AND STATUTORY REQUIREMENTS 14
- STATUTORY PROCEDURE 14
- COMPUTATION OF DEBT LIMIT AND DEBT CONTRACTING MARGIN 15
- DETAILS OF SHORT-TERM INDEBTEDNESS OUTSTANDING 16
- TREND OF OUTSTANDING INDEBTEDNESS 16
- DEBT SERVICE REQUIREMENTS - OUTSTANDING BONDS 16
- REPAYMENT OF STATE AID ADVANCE 16
- ENERGY PERFORMANCE CONTRACT 17
- CAPITAL PROJECT PLANS 17

TABLE OF CONTENTS - CONTINUED

Page

REVENUE AND TAX ANTICIPATION NOTES 17
AUTHORIZED AND UNISSUED DEBT 18
CALCULATION OF ESTIMATED OVERLAPPING AND UNDERLYING INDEBTEDNESS 18
DEBT RATIOS 18

FINANCES OF THE DISTRICT 18
INDEPENDENT AUDIT 18
INVESTMENT POLICY 18
FUND STRUCTURE AND ACCOUNTS 19
BASIS OF ACCOUNTING 19
BUDGET PROCESS 19
REVENUES 19
Real Property Taxes 19
State Aid 20
Federal Aid received by the State 21
Building Aid 21
State Aid Litigation 22
State Aid History 23
EXPENDITURES 24
THE STATE COMPTROLLER'S FISCAL STRESS MONITORING SYSTEM AND OSC COMPLIANCE REVIEWS 24
EMPLOYEE PENSION BENEFITS 25
OTHER POST-EMPLOYMENT BENEFITS 26

TAX INFORMATION 27
REAL PROPERTY TAXES 27
TAX COLLECTION PROCEDURE 27
THE TAX LEVY LIMIT LAW 27
STAR - SCHOOL TAX EXEMPTION 28
VALUATIONS, RATES AND LEVIES 29
SELECTED LISTING OF LARGE TAXABLE PROPERTIES IN THE DISTRICT 29

LITIGATION 29

CYBERSECURITY 30

RISK FACTORS 30

TAX MATTERS 32
OPINION OF BOND COUNSEL 32
CERTAIN ONGOING FEDERAL TAX REQUIREMENTS AND CERTIFICATIONS 32
CERTAIN COLLATERAL FEDERAL TAX CONSEQUENCES 32
ORIGINAL ISSUE DISCOUNT 33
NOTE PREMIUM 33
INFORMATION REPORTING AND BACKUP WITHHOLDING 33
MISCELLANEOUS 34

LEGAL MATTERS 34

DISCLOSURE UNDERTAKING 34

RATING 34

MUNICIPAL ADVISOR 34

ADDITIONAL INFORMATION 34

APPENDIX A: FINANCIAL INFORMATION
APPENDIX B: CASH FLOWS
APPENDIX C: AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2026
APPENDIX D: FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL
APPENDIX E: FORM OF EVENTS NOTICE UNDERTAKING

OFFICIAL STATEMENT

SOUTH COUNTRY CENTRAL SCHOOL DISTRICT AT BROOKHAVEN
SUFFOLK COUNTY, NEW YORK

Relating To

$5,800,000* TAX ANTICIPATION NOTES FOR 2026-2027 TAXES
(the "Notes")

This Official Statement, including the cover page and appendix hereto, presents certain information relating to the South Country Central School District at Brookhaven, in the County of Suffolk, State of New York (the "District," "County" and "State," respectively) in connection with the sale of $5,800,000* Tax Anticipation Notes For 2026-2027 Taxes (the "Notes").

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the District 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 District relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

DISCUSSION OF FINANCIAL OPERATING RESULTS AND CUMULATIVE AND STRUCTURAL DEFICITS

Causes of Deficits

The District has experienced significant financial difficulties resulting in operating deficits and an accumulated unassigned General Fund balance deficit. Factors contributing to these conditions have included:

- Reliance on nonrecurring funding sources to support recurring expenditures;
- Prior deficiencies in financial and accounting records, timely financial reporting, and communication with the Superintendent and Board of Education;
- Prior deficiencies in controls over hiring, purchasing and contractual commitments;
- Adoption of budgets that did not adequately reflect actual expenditure requirements and sustainable recurring revenues;
- Insufficient budget monitoring and corrective action in prior periods;
- Appropriation of fund balance that was not available and continued use of reserves without sufficient replenishment; and
- Insufficient multi-year financial planning.

During the 2025-2026 fiscal year, the District implemented enhanced budget monitoring, expenditure restrictions and other corrective measures. The 2026 audit nevertheless concluded that these measures were insufficient to eliminate the structural imbalance. As part of the audit, the auditors identified two material weaknesses relating to the over-expended General Fund budget and the District's financial condition and fiscal sustainability.

Audited Results for Fiscal Years Ended June 30, 2025 and June 30, 2026

The following summarizes the District's audited General Fund operating results:

General Fund	June 30, 2025	June 30, 2026
Revenues	$136,714,514	$139,705,458
Expenditures	149,390,665	150,855,877
Deficiency of revenues over expenditures	(12,676,151)	(11,150,419)
Operating transfers out	(3,595,252)	(383,845)
Net decrease in fund balance	**(16,271,403)**	**(11,534,264)**
Fund balance, beginning of fiscal year	31,657,486	15,386,083
Fund balance, end of fiscal year	**$15,386,083**	**$3,851,819**

Source: Audited Financial Statements of the District.

*Preliminary, subject to change.

Increased transportation, health insurance and special education costs contributed to the fiscal year 2025 operating deficit. Transfers supporting capital projects also contributed to the decrease in General Fund balance. The District used legally available reserves to fund eligible expenditures.

For fiscal year 2026, revenues increased by $2,990,944, or approximately 2.19%, while expenditures and operating transfers out decreased by $1,746,195, or approximately 1.14%, from the prior year. Nevertheless, expenditures and operating transfers out exceeded revenues by $11,534,264.

Compared with fiscal year 2025, fiscal year 2026 General Fund instructional expenditures decreased by $2,323,755, primarily reflecting mid-year staffing reductions. Employee benefit expenditures increased by $2,878,481, reflecting higher health insurance costs and compensated absence and severance payments associated with the District's cost-reduction measures. Pupil transportation expenditures increased by $373,280, and general support expenditures increased by $649,287. The reduction in total expenditures and operating transfers out also reflected lower transfers compared with the prior year.

General Fund Balance

The District's General Fund balance was classified as follows:

Classification	June 30, 2025	June 30, 2026
Nonspendable—long-term loans and receivables	$ —	$171,429
Restricted:		
Workers' compensation	1,210,338	200,000
Unemployment insurance	1,288,609	1,241,634
Teachers' retirement contributions	1,600,001	820,001
Employees' retirement contributions	3,873,424	3,239,947
Employee benefit accrued liability	7,091,668	5,538,391
Capital	1,819,312	1,864,795
Debt	—	12,902
Total restricted	**16,883,352**	**12,917,670**
Assigned—encumbrances	285,979	567,923
Unassigned fund balance (deficit)	(1,783,248)	(9,805,203)
Total General Fund balance	**$15,386,083**	**$3,851,819**

Source: Audited Financial Statements of the District.

Although total General Fund balance remained positive at June 30, 2026, restricted, assigned and nonspendable balances were offset by an unassigned deficit of $9,805,203. Restricted balances are available only for their legally authorized purposes. Accordingly, the positive total fund balance does not represent an unrestricted resource available to support general operations.

During fiscal year 2026, the District used $4,299,771 of General Fund reserves for eligible expenditures. Interest earnings of $334,089 partially offset these withdrawals, resulting in a net reduction in restricted General Fund balance of $3,965,682.

Fiscal Year 2025-2026 Budget and Corrective Actions

The District's adopted 2025-2026 budget totaled $147,164,277, representing a 2.87% increase over the prior year's adopted budget. The budget included a $5,000,000 appropriation of prior-year surplus. However, the District's June 30, 2025 unassigned fund balance was in deficit, and no corresponding unassigned fund balance was available to support that appropriation.

During fiscal year 2025-2026, the District implemented enhanced monthly budget-to-actual reviews, updated year-end projections, more timely budget transfers, expenditure controls and staffing reductions. These measures improved oversight and helped contain further financial deterioration but did not fully offset the continuing structural imbalance. General Fund expenditures, operating transfers out and outstanding encumbrances exceeded the final budget by $3,047,183.

The $3,047,183 budget overrun represents the amount by which General Fund expenditures, operating transfers out and outstanding encumbrances exceeded final appropriations. It is distinct from the $11,534,264 annual decrease in total General Fund balance and the $9,805,203 accumulated unassigned General Fund balance deficit at June 30, 2026. The ending unassigned deficit reflects the prior-year deficit, the current-year operating results, reserve activity and changes in other fund balance classifications.

Deficit Financing and State Aid Advance

During fiscal year 2026, the District issued $11,000,000 of deficit bond anticipation notes pursuant to special State legislation. Such notes mature May 28, 2027. The amount eligible for conversion to long-term serial bonds is subject to confirmation and certification of the District's deficit by the State Comptroller. As of the audit report date, the amount eligible for permanent financing had not been determined. The audited unassigned fund balance deficit should not be construed as the amount certified for permanent financing. See "DEFICIT FINANCING LEGISLATION" herein.

The District also received a $7,000,000 advance of future State aid, which was reported as a deferred inflow of resources at June 30, 2026. The advance does not constitute additional State aid and will reduce State aid otherwise available in future fiscal years. See "STATE AID ADVANCE" herein.

These measures provided liquidity but will impose future debt service requirements and reductions in State aid available for operations. They do not, by themselves, resolve the District's structural imbalance.

Adopted Budget for Fiscal Year Ending June 30, 2027 and Continuing Recovery

Following the defeat of the original proposed budget on May 19, 2026, voters approved a revised 2026-2027 budget of $144,846,580 on June 16, 2026. The approved budget is $2,317,697, or approximately 1.57%, below the prior year's adopted budget. It includes $2,684,000 of appropriated reserves and no appropriation of unassigned fund balance.

The qualified voters of the District also approved a proposal to reduce private school transportation eligibility from a 25-mile radius to a 15-mile radius. The reduction in the number of students transported to private schools is expected to result in estimated annual transportation cost saving to the District of approximately $897,000.

The District's fiscal recovery remains incomplete, and its capacity to absorb unexpected costs is limited. Future financial stability depends upon maintaining expenditure controls, aligning recurring expenditures with recurring revenues and rebuilding available fund balance. There can be no assurance that these measures will prevent additional operating deficits or cash-flow shortfalls.

General Fund Deficit at June 30, 2026

The District's audited financial statements for the fiscal year ended June 30, 2026 report an unassigned General Fund balance deficit of $9,805,203, compared with an unassigned deficit of $1,783,248 at June 30, 2025. During fiscal year 2026, General Fund expenditures and operating transfers out exceeded revenues by $11,534,264, reducing total General Fund balance from $15,386,083 to $3,851,819. The positive total fund balance reflects restricted, assigned and nonspendable balances offset by the unassigned deficit and does not represent an unrestricted resource available for general operations.

Pursuant to special State legislation, the District issued $11,000,000 of Deficit Bond Anticipation Notes—2026 Series A(the "Deficit BANs") on May 28, 2026. Such deficit BAN matures on May 28, 2027. The amount eligible for permanent financing is subject to confirmation and certification of the District's deficit by the State Comptroller. As of the date hereof, the amount eligible for conversion to long-term serial bonds had not been determined. The unassigned fund balance deficit that appears in the District's 2025-2026 amount has not been certified by the State Comptroller and therefore does not constitute the certified audit pursuant to the State legislator. See *"DEFICIT FINANCING LEGISLATION"* herein.

The District's $27,500,000 Tax Anticipation Note for the 2025-2026 fiscal year matured and was repaid on May 29, 2026 from property tax receipts. No tax anticipation notes were outstanding at June 30, 2026. The District utilized the proceeds of the deficit BAN and the state aid advance to support operations during fiscal year 2025-2026. The District's outstanding Deficit BANs and the State aid advance described herein provided liquidity but impose obligations affecting future budgets and cash flows.

Steps Taken to Enhance Fiscal Oversight and Internal Controls

During the 2025-2026 fiscal year, the District implemented enhanced financial monitoring and expenditure controls, including monthly budget-to-actual reviews, updated year-end projections, more timely budget transfers, spending restrictions and staffing reductions. These measures improved the District's ability to identify and respond to budgetary pressures but were insufficient to eliminate the structural imbalance.

The District's continuing corrective actions include review of hiring, overtime, purchases and new program commitments against available appropriations and their recurring financial impact; coordination among the Business Office and operating departments; and continued reporting of financial results and significant variances to the Board of Education.

The District is continuing to develop and implement a multi-year financial recovery plan incorporating operating and cash-flow projections, deficit-financing debt service, State aid repayment obligations, and measurable

targets for reducing the unassigned deficit and rebuilding available financial resources. In response to the 2026 audit by administration will be providing quarterly recovery-plan updates to the Board of Education.

The 2026 audit identified two material weaknesses concerning the over-expended General Fund budget and the District's financial condition and fiscal sustainability. Although corrective measures have been implemented, fiscal recovery remains incomplete and depends upon sustained expenditure discipline and alignment of recurring expenditures with recurring revenues.

DEFICIT FINANCING LEGISLATION

On April 29, 2026, Chapter 107 of the Laws of 2026 (the "Act") was enacted authorizing the District to issue serial bonds, subject to applicable provisions of Section 10.10 of the Local Finance Law, to liquidate its actual General Fund deficit at June 30, 2026. The Act authorizes serial bonds in an aggregate principal amount not exceeding $11,000,000 and bond anticipation notes in anticipation of such bonds.

On May 6, 2026, the Board of Education adopted a bond resolution authorizing not to exceed $11,000,000 of serial bonds for such purpose. The District subsequently issued the $11,000,000 Deficit BANs, bearing interest at 4.50% and maturing May 28, 2027. The Notes offered hereby are separate obligations issued in anticipation of tax receipts and are not being issued pursuant to the deficit-financing authorization. (See "*Authorization For And Purpose Of Notes*" Herein)

The District may not issue serial bonds to liquidate the deficit until the State Comptroller has confirmed its existence and certified its amount. Such serial bonds may not exceed the certified deficit and must be issued on or before October 31, 2027. As of the audit report date, the amount eligible for permanent financing had not been determined. Any Deficit BANs exceeding the certified deficit, and any excess proceeds, are subject to the disposition requirements of the Act and Section 10.10 of the Local Finance Law.

While deficit debt or related refunding debt remains outstanding, the District is subject to enhanced financial oversight. These requirements include quarterly budget reports and trial balances, review of proposed budgets by the State Comptroller and Commissioner of Education, multi-year financial planning, and advance notice to the State Comptroller of proposed borrowings and installment purchase contracts.

The quarterly reports required under Section 10.10 must be completed within thirty days after each quarter-end and submitted to the designated District and State officials. The reports compare budget estimates with actual revenues and expenditures and include recommendations addressing unfavorable variances.

The District must submit its proposed budgets for State review and make adjustments consistent with recommendations of the State Comptroller and Commissioner of Education as required by the Act. A three-year financial plan must also be prepared within thirty days after final adoption of the budget for the next fiscal year, subject to applicable statutory exceptions. The District's chief fiscal officer must notify the State Comptroller at least fifteen days before the issuance of bonds or notes or entry into an installment purchase contract.

The District's financial condition remains dependent upon implementation of its recovery plan and continued compliance with applicable financial oversight requirements of the State Comptroller, including annual budget review and multi-year financial planning requirements . Deficit financing addresses accumulated deficits but creates future debt service requirements and does not, by itself, resolve the District's structural operating imbalance.

STATE AID ADVANCE

Pursuant to the Act and related legislation, the District received an advance of $7,000,000 of State aid on May 18, 2026 (the "State Aid Advance"). The advance represents an acceleration of future State aid payments and does not constitute additional State aid. At June 30, 2026, the District reported the advance as a deferred inflow of resources.

The statutory arrangement permits the District to apply for additional State aid advances in declining amounts during the 2026-2027 through 2054-2055 school years. Receipt of subsequent advances is subject to timely application to the Commissioner of Education and compliance with applicable reporting requirements. Approved subsequent advances are payable on or before June 30 of the applicable school year.

Amounts advanced in a preceding school year are deducted from subsequent State aid payments under the statutory payment schedule. If the District receives the subsequent declining advances contemplated by the legislation, the combined effect of those advances and deductions spreads recovery of the initial advance over thirty years. Failure to obtain a subsequent advance could increase the net reduction in State aid receipts in the affected year.

The audit states that the amounts to be recognized in individual future fiscal years had not been determined as of the audit report date. The District's financial and cash-flow planning must account for the timing of State aid deductions and any subsequent advances.

For the 2026-2027 through 2054-2055 school years, the Act requires quarterly budget reports and general ledger trial balances, completed within sixty days after each quarter-end. Reports must compare budget estimates with actual results and include recommendations from the Superintendent of Schools or chief fiscal officer to the Board of Education addressing unfavorable variances. Reports must be submitted to the designated District and State officials. These requirements are in addition to applicable reporting requirements associated with the District's deficit financing.

The District reports that it is in compliance with the financial reporting, budget review and financial planning requirements.

Audits and Investigations

Independent Financial Statement Audit for Fiscal Year Ended June 30, 2026. The District's independent auditors issued an unmodified opinion on its financial statements, dated October 9, 2026. The audit reported an $11,534,264 decrease in General Fund balance, an unassigned General Fund balance deficit of $9,805,203, and expenditures, operating transfers out and outstanding encumbrances exceeding the final General Fund budget by $3,047,183.

The auditors identified two material weaknesses: Over-Expended General Fund Budget and Financial Condition and Fiscal Sustainability. Management agreed with the recommendations and described corrective actions involving expenditure reductions, improved monitoring and multi-year financial recovery planning. The unmodified financial statement opinion does not constitute an opinion on the effectiveness of the District's internal controls.

Forensic Investigation. Investigative Management Group ("IMG") completed a report dated July 2, 2026 concerning the District's fiscal year 2024-2025 budget overruns. Its work included financial-record analysis, personnel interviews and examination of electronic communications.

IMG attributed the overruns to weaknesses in budget preparation, forecasting, financial controls and management oversight. It identified unrealistic fund balance assumptions, delayed communication of emerging deficits, inadequate coordination among departments, departures from purchasing and approval procedures, reporting failures and excessive dependence on late budget transfers.

IMG reported no evidence of embezzlement, kickbacks or intentional misappropriation of funds. This finding did not negate its findings concerning administrative and control failures. IMG also identified communications indicating that personnel knew or should have known of projected shortfalls but did not adequately communicate them.

The report recognized improvements under the Acting Assistant Superintendent for Finance and Management Services and recommended further corrective measures. The final report and the District's forensic-audit corrective action plan are available on the District's website.

Review by the Office of the New York State Comptroller. On April 10, 2026, the State Comptroller issued Report B26-7-4 concerning the District's adopted 2024-2025 and 2025-2026 budgets and its then-proposed 2026-2027 budget. The report expressly states that the review was not an audit conducted under generally accepted government auditing standards.

The review identified unreasonable budget estimates, dependence on nonrecurring resources, appropriation of unavailable fund balance and underestimation of significant operating costs. Based on information then available, OSC projected an approximately $10.5 million year-end deficit. That historical projection has been superseded for financial reporting purposes by the completed 2026 audit; certification for deficit financing remains a separate process. (See *2026 audited financial statements in appendix C* herein).

OSC recommended ending reliance on one-time resources for recurring operations, using expenditure trends in budget preparation, and monitoring and adjusting budgets promptly. Its review preceded the revised budget approved by voters on June 16, 2026. The report and the District's corrective action plan are available on the District's website.

THE NOTES

Description

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

The District will act as Paying Agent for any Notes issued in book-entry form and the purchaser(s) will serve as paying agent for the Notes registered in the name of the purchaser(s). Paying agent fees, if any, will be paid by the purchaser(s). The District's contact information is as follows: John Belmonte, Acting Assistant Superintendent for Finance and Management Services or Robert Doyle, Assistant Superintendent for Finance, South Country Central School District at Brookhaven, 189 Dunton Avenue, East Patchogue, New York 11772, Phone (631) 730-1544, Fax (631) 286-7587, email jbelmonte@southcountry.org and rdoyle@southcountry.org.

No 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.

*Preliminary, subject to change.

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 District 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 District, 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 District, 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 District, 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 District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

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

Source: The Depository Trust Company

Authorization and Purpose of Notes

The Notes are issued pursuant to the Constitution and laws of the State, including Sections 24.00 and 39.00 of the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York, and a tax anticipation note resolution adopted by the Board of Education of the District to finance cash flow requirements in anticipation of the collection of 2026-2027 real property taxes levied for school purposes on all taxable real property in the District. The proceeds of the Notes may be used only for the purposes for which such taxes have been or are to be levied, as specified in the 2026-2027 annual budget of the District, unless all of said purposes have been paid and satisfied, in which case the proceeds of the notes may be used for any lawful school purpose. The proceeds of the Notes will not be used for the redemption or renewal of any outstanding tax anticipation or revenue anticipation notes.

Pursuant to Section 24.00(e) of the Local Finance Law, generally, whenever the amount of the Notes and any additional tax anticipation notes issued by the District in anticipation of the receipt of 2026-2027 real property taxes equals the amount of such taxes remaining uncollected, the District is required to set aside in a special bank account all of such uncollected taxes as thereafter collected, and to use the amounts so set aside only for the purpose of paying such Notes. Interest on the Notes will be provided from budget appropriations.

Security and Source of Payment

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

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

Under the Constitution of the State, the District 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 District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law, (herein referred to as the "Tax Levy Limit Law" or "Law"), imposes a limitation on the power of local governments and school districts, including the District, to increase their annual tax levy, with the amount of such year to year increase limited by the formulas set forth in the Tax Levy Limit Law. The Tax Levy Limit Law also provides the procedural method to overcome that limitation. In addition, the Tax Levy Limit Law expressly provides an exclusion from the annual tax levy limitation for any taxes levied to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures, or the refinancing or refunding of such bonds or notes. The exclusion does NOT apply to taxes to pay debt service on tax anticipation notes (such as the Notes), revenue anticipation notes, budget notes and deficiency notes, and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments. (See "*The Tax Levy Limit Law,"* herein.)

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 District default in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Notes upon the occurrence of any such default. The Notes are general obligation contracts between the District and the owners for which the faith and credit of the District are pledged and while remedies for enforcement of payment are not expressly included in the District's contract with such owners, any permanent repeal by statute or constitutional amendment of a bondholder's and/or noteholder'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 District. 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 bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the District 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 District and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Notes, the owner of such Notes could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the District to assess, levy and collect an ad valorem tax, upon all taxable property of the District subject to taxation by the District 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 Noteholders, 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 District.

Pursuant to Article VIII, Section 2 of the State Constitution, the District 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 bondholders and/or noteholders, 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.

SECTION 99-B OF THE STATE FINANCE LAW APPLICABLE TO SCHOOL DISTRICTS

Section 99-b of the State Finance Law (the "SFL") provides for a covenant between the State and the purchasers and the holders and owners from time to time of the bonds and notes issued by school districts in the State for school purposes that it will not repeal, revoke or rescind the provisions of Section 99-b of the SFL, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

Said section provides that in the event a holder or owner of any bond or note issued by a school district for school purposes shall file with the State Comptroller, a verified statement describing such bond or note and alleging default in the payment thereof or the interest thereon or both, it shall be the duty of the State Comptroller to immediately investigate the circumstances of the alleged default and prepare and file in his office a certificate setting forth his determinations with respect thereto and to serve a copy thereof by registered mail upon the chief fiscal officer of the school district which issued the bond or note. Such investigation by the State Comptroller shall set forth a description of all such bonds and notes of the school district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State Teachers' Retirement System, and (b) the principal of and interest on such bonds and notes of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on the bonds and notes shall be forwarded promptly to the paying agent or agents for the bonds and notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds or notes. If any such successive allotments, apportionments or payment of such State aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds and notes in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds and notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds and notes of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds or notes pursuant to said section of the SFL.

NO PAST DUE DEBT

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

BANKRUPTCY

The Federal Bankruptcy Code (Chapter IX) allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Title 6-A of the Local Finance Law specifically authorizes any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not become applicable in the future. As such, the undertakings of the District should be considered with reference, specifically, to Chapter IX, and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Bankruptcy proceedings by the District if authorized by the State in the future could have adverse effects on bondholders and/or noteholders including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the District 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 above references to said Chapter IX are not to be construed as an indication that the State will consent in the future to the right of the District to 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 or that the District is currently considering or expects to resort to the provisions of Chapter IX if authorized to do so in the future.

THE DISTRICT

Description

The District is located approximately 60 miles east of New York City in the southwestern section of the Town of Brookhaven (the "Town"), and encompasses approximately 16 square miles. The District's current population is estimated at 26,891, with a current enrollment of 3,810 students. The District includes the areas of former Brookhaven School Districts No. 27 (East Patchogue), No,. 28 (Bellport) and No. 29 (Brookhaven). The entirety of the incorporated Village of Bellport (the "Village") lies within the confines of the District s well as unincorporated areas of the Town of Brookhaven. The District originally began operations in 1956 and experienced considerable growth through the mid-1960's. In 1987, the District annexed the South Haven School District, which was located to the east of the district as then constituted.

The District is served by the Long Island Rail (M.T.A.), which maintains stations at Bellport and at nearby Patchogue. There is an excellent interior network of roads, including the Montauk and Sunrise Highways, which traverse the District in an east-west direction. The Long Island Expressway passes just north of the District boundary.

The area is served by the Suffolk County Water Authority; gas and electricity are supplied by PSEG Long Island. Police protection is provided by the Suffolk County Police Department and fire protection by three local fire districts. Banking facilities are provided by Capital One, N.A., TD Bank, N.A., JPMorgan Chase Bank, N.A. and Bank of America.

District area is essentially residential and has a number of shopping centers located throughout, as well as some diversified light industry. A list of the largest taxpayers in the District is set forth in this Official Statement.

District Organization

The District operations are subject to the provisions of the State Education Law affecting school districts; other statutes applicable to the District include the General Municipal Law, the Local Finance Law and the Real Property Tax Law.

Members of the Board of Education are elected on a staggered term basis by qualified voters at the annual election of the District held in the spring of each year. The term of office for each board member is 3 years and the number of terms that may be served is unrestricted. A president is selected by the board from its members and also serves as the chief fiscal officer of the District. The Board of Education is vested with various powers and duties as set fourth in the Education Law. Among these are the adoption of annual budgets (subject to voter approval), the levy of real property taxes for the support of education, the appointment of such employees as may be necessary, and other such duties reasonably required to fulfill the responsibilities provided by law.

The Board of Education appoints the Superintendent of Schools, who serves as the chief executive officer of the District and is responsible for administering its educational programs and enforcing applicable laws, rules and regulations under the Board's direction. On May 6, 2026, Antonio Santana resigned as Superintendent, and the Board appointed Jaclyn O'Hagan as Acting Superintendent through May 13, 2026. John Dolan became Interim Superintendent effective May 14, 2026. Mr. Dolan previously served as Superintendent of Schools for the East Islip Union Free School District. On October 14, 2026, the Board appointed Dr. Dennis P. O'Hara as Superintendent of Schools, effective December 1, 2026. Dr. O'Hara currently serves as Superintendent of Schools for the Islip Union Free School District.

The District's financial administration is overseen by the Superintendent and the Business Office. Following the resignation of Jennifer Segui in October 2025, the Board appointed John Belmonte as Acting Assistant Superintendent for Finance and Management Services. Mr. Belmonte has more than thirty years of experience as a school business administrator. The Board subsequently appointed Robert Doyle on July 31, 2026 as Assistant Superintendent for Finance and Management Services. Mr. Doyle previously served as School Business Official and Treasurer for the East Quogue Union Free School District beginning in 2023 and, before that, held the same position with the Springs Union Free School District.

Enrollment History

The following table presents the past school enrollment for the District.

School Year	School Enrollment
2022	4,002
2023	3,887
2024	3,845
2025	3,798
2026	3,653

Source: District Officials.

Projected Future Enrollment

The following table presents the projected future school enrollment for the District.

School Year	School Enrollment
2027	3,574
2028	3,523
2029	3,495
2030	3,508
2031	3,475

Source: District Officials.

District Facilities

The District operates twelve schools and offices; statistics relating to each are shown below.

Name of School	Type	Date of Construction	Capacity	Date of Last Addition
Bellport High School	9-12	1964	2,000	1971
Bellport Middle School	6-8	1958	1,500	1971
Brookhaven Elementary School	K-3	1950	800	1971
Verne Critz Elementary School	K-3	1953	570	1957
Kreamer Street Elementary School	K-3	1953	550	1961
Frank P. Long Elementary School	4-5	1958	800	1971
South Haven Early Childhood Center	Pre-K	1907	200	N/A
Administration Buildings	N/A		N/A	
Misc. Facilities (Storage, Field House, etc.)	N/A		N/A	

Employees

The collective bargaining agents, if any, which represent employees and the dates of expirations of the various collective bargaining agreements are as follows:

Name of Union	Expiration Date of Contract	Approx. No. of Members
Bellport Teachers Association[a]	06/30/2026	399
Bellport Teacher Aides Association	08/31/2027	138
Civil Service Employees Association[a]	06/30/2026	107
Administrators Association	06/30/2027	21
South Country Guards Association[a]	06/30/2026	30

a. Currently in negotiations.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

The following table sets forth population statistics.

Year	Brookhaven Town	Suffolk County	New York State
1990	407,786	1,321,864	17,990,455
2000	448,248	1,419,369	18,976,457
2010	486,040	1,493,350	19,378,102
2020	482,671	1,481,364	19,514,849
2024	492,778	1,535,909	19,867,248

Source: Long Island Power Authority and U.S. Bureau of the Census.

Income Data

Income Data is not available for the District as such. The smallest areas for which such statistics are available (which include the District) are the Town of Brookhaven and the County of Suffolk. The information set forth below with respect to such Town, County and State is included for information purposes only. It should not be implied from the inclusion of such data in this Statement that the District is necessarily representative of the Town, County or State or vice versa.

	Per Capita Money Income			
	2000	2010	2020	2024 [a]
Town of Brookhaven	$24,191	$32,663	$42,388	$48,863
County of Suffolk	26,577	35,755	46,466	55,754
State of New York	23,389	30,948	40,898	51,002

	Median Household Income			
	2000	2010	2020	2024 [a]
Town of Brookhaven	$62,475	$81,654	$100,061	$115,085
County of Suffolk	72,112	84,506	105,362	126,863
State of New York	51,691	55,603	71,117	85,820

Source: United States Bureau of the Census.
a. Based on American Community Survey 5-Year Estimate (2020-2024).

Major Employers in the Town of Brookhaven[a]

Name	Type of Business	Estimated Number Of Employees
State University at Stony Brook	Education	14,500
Stony Brook University Medical Center	Medical Center	6,500
Brookhaven National Laboratory	Laboratory	2,790
John T. Mather Hospital	Hospital	2,500
Sachem Central School District	Education	2,275
Brookhaven Memorial Hospital	Hospital	2,210
Three Village Central School District	Education	1,500
William Floyd Union Free School District	Education	1,285
St. Charles Hospital	Hospital	1,775
Quality King Distributors	Commercial	900
Nursing Care at Medford	Nursing Home	580

Source: Town of Brookhaven recently published Official Statement.
a. Not necessarily representative of the District.

Unemployment Rate Statistics

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

Annual Averages:	Town of Brookhaven (%)	Suffolk County (%)	New York State (%)
2021	4.8	4.9	7.2
2022	3.0	3.1	4.4
2023	3.1	3.2	4.2
2024	3.5	3.5	3.5
2025	3.6	3.5	4.2
2026 (YTD)	4.2	4.1	4.8

Source: Department of Labor, State of New York.

INDEBTEDNESS OF THE DISTRICT

Constitutional and Statutory Requirements

The New York State Constitution and Local Finance Law limit the power of the District (and other municipalities and school districts of the State) to issue obligations and to contract indebtedness. Such constitutional and statutory limitations include the following, in summary form, and are generally applicable to the District and the Notes:

Purpose and Pledge. The District 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 District may contract indebtedness only for a District 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 (such as the Notes) 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 period of probable usefulness of the object or purpose determined by statute or, in the alternative, the weighted average period of probable usefulness of the several objects or purpose 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 District has authorized the issuance of indebtedness having substantially level or declining annual debt service. The District 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, bond anticipation notes and capital notes.

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limitation on the power of the District to increase its annual tax levy. (See *"The Tax Levy Limit Law"* herein).

Statutory Procedure

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

The Board of Education, as the finance board of the District, has the power to enact tax anticipation note resolutions. Such resolutions may authorize the issuance of tax anticipation notes in an aggregate principle amount necessary to fund anticipated cash flow deficits but in no event exceeding the amount of real property taxes levied or to be levied by the District, less any tax anticipation notes previously issued and less the amount of such taxes previously received by the District.

The Board of Education, as the finance board of the District, also has the power to authorize the sale and issuance of bonds and notes, including the Notes. However, such finance board may delegate the power to sell the Notes to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

Debt Limit. Pursuant to the Local Finance Law, the District has the power to contract indebtedness for any school district purpose authorized by the Legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority.

The following table sets forth the computation of the debt limit of the District and its debt contracting margin:

Computation of Debt Limit and Debt Contracting Margin
(As of November 5, 2026)

In Town of:	Assessed Valuation	State Equalization Rate	Full Valuation
Brookhaven (2025-2026)[a]	$27,321,867	0.48%	$5,692,055,625
Debt Limit - 10% of Full Valuation			$569,205,563
Inclusions:[b]			
Outstanding Bonds			12,085,000
Bond Anticipation Notes			11,000,000
Total Indebtedness			23,085,000
Exclusions (Estimated Building Aid)[c]			0
Total Net Indebtedness			23,085,000
Net Debt Contracting Margin			$546,120,563
Per Cent of Debt Contracting Margin Exhausted			4.06%

a. The latest completed assessment roll for which a State Equalization Rate has been established.
b. Tax Anticipation Notes, Energy Performance Lease and Revenue Anticipation Notes are not included in computation of the debt contracting margin of the District.
c. Represents estimate of moneys receivable by the District from the State as an apportionment for debt service for school building purposes, based on the most recent information received by the District from the State Department of Education. The amount shown is not necessarily the amount the District will ultimately receive. The District has not applied for a building aid exclusion certificate from the Commissioner of Education and therefore may not exclude such amount from its total indebtedness on the Debt Statement form required to be filed with the Office of the State Comptroller when notes are to be issued.

Details of Short-Term Indebtedness Outstanding

As of the date of this Official Statement, the District has bond anticipation notes outstanding in the amount of $11,000,000 that mature on May 28, 2027.

Trend of Outstanding Indebtedness
As of June 30:

	2022	2023	2024	2025	2026
Bonds	$40,915,000	$35,320,000	$29,695,000	$23,820,000	$17,895,000
BANs	-	-	-	-	11,000,000
Other	-	-	-	-	9,665,291
Totals:	$40,915,000	$35,320,000	$29,695,000	$23,820,000	$38,560,291

Source: Audited Financial Statements

Debt Service Requirements - Outstanding Bonds[a]

The following table shows the debt service requirements to maturity on the District's outstanding bonded indebtedness, not including payments made to date.

Fiscal Year Ending June 30:	Principal	Interest	Total
2027	$5,810,000	$ 590,950	$6,400,950
2028	3,260,000	376,050	3,636,050
2029	2,490,000	242,300	2,732,300
2030	2,475,000	152,925	2,627,925
2031	2,445,000	79,125	2,524,125
2032	1,415,000	21,225	1,436,225
Totals:	$17,895,000	$1,462,575	$19,357,575

a. Does not include payments made to date.
Source: Audited Financial Statements.

Repayment of State Aid Advance

Pursuant to the Act, the District is required to repay the State Aid Advance (as defined herein) received during the 2025-2026 fiscal year. The Act further provides that the net financial effect of future State Aid Advances, if any, and the Repayment Obligation (as defined herein) is that the District will repay the State Aid Advance for fiscal year 2025-2026 in equal payments for the next 30 fiscal years. (See "*State Aid Advance*" herein.)

Energy Performance Contract[a]

The District issued a $9,665,291 Energy Performance Contract ("EPC") to finance the construction and/or installation of energy-related upgrades, equipment and controls at various District facilities. The EPC closed on August 25, 2025. The following table shows the debt service requirements to maturity on the District's energy performance contract.

Fiscal Year Ending June 30:	Principal	Interest	Total
2027	$260,670	$514,676	$775,346
2028	417,246	358,100	775,346
2029	433,464	341,882	775,346
2030	450,313	325,033	775,346
2031	467,817	307,529	775,346
2032	486,001	289,344	775,346
2033	504,893	270,453	775,346
2034	524,518	250,828	775,346
2035	544,906	230,439	775,346
2036	566,087	209,259	775,346
2037	588,091	187,255	775,346
2038	610,951	164,395	775,346
2039	634,699	140,647	775,346
2040	659,370	115,976	775,346
2041	685,000	90,346	775,346
2042	711,626	63,720	775,346
2043	739,288	36,058	775,346
2044	380,351	7,322	387,673
Totals:	$9,665,291	$3,903,260	$13,568,552

a. Does not include payments made to date.

Capital Project Plans

The District currently has no capital projects approved or contemplated for which financing will be sought, in the immediate future. The District is mandated by the State to prepare a five-year Building Condition Survey. A copy of the most recent survey is available upon request.

Revenue and Tax Anticipation Notes

The District has generally found it necessary to borrow from time to time in anticipation of taxes, which borrowing is necessitated by the schedule of real property tax. The District has not found it necessary to borrow in anticipation of State aid revenue payments during the past five years. The following is a history of such tax anticipation note borrowings for the five most recent fiscal years:

Fiscal Year Ending June 30:	Amount	Issue	Maturity
2022	$36,000,000	09/21/21	06/24/22
2023	30,000,000	09/29/22	06/22/23
2024	27,000,000	09/27/23	05/30/24
2025	25,000,000	09/26/24	05/30/25
2026	27,500,000[a]	09/18/25	05/29/26

a. The District originally sold $25,000,000 Tax Anticipation Notes on August 21, 2025 and such notes were scheduled to close on September 4, 2025. However, the sale was terminated by the buyer of such notes following the release of updated unaudited results for the fiscal year ended June 30, 2025. Such unaudited results reflected an increase in the operating deficit for the fiscal year ended June 30, 2025 from $11,404,846 to $16,619,294.

Authorized and Unissued Debt

As of the date of this Official Statement, the District has no authorized or unissued debt outstanding.

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
County of Suffolk	12/03/2025	1.07	$13,788,929	$12,978,062
Town of Brookhaven	08/18/2026	5.57	21,783,323	21,783,323
Village of Bellport	05/31/2026	100.00	1,675,000	1,675,000
		Totals:	$37,247,252	$36,436,385

Sources: Annual Reports of the respective units for the most recently completed fiscal year on file with the Office of the State Comptroller or more recently published Official Statements.

Debt Ratios
(As of November 5, 2026)

	Amount[a]	Per Capita[b]	Percentage of Full Value (%) [c]
Total Direct Debt	$23,085,000	$858	0.406
Net Direct Debt	23,085,000	858	0.406
Total Direct & Applicable Total Overlapping Debt	60,332,252	2,244	1.060
Net Direct & Applicable Net Overlapping Debt	59,521,385	2,213	1.046

a. Exclusive of the Notes.
b. The current population of the District is 26,891.
c. The full valuation of taxable property for 2025-2026 is $5,692,055,625.

FINANCES OF THE DISTRICT

Independent Audit

The financial affairs of the District are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the District has complied with the requirements of various state and federal statutes. The financial statements of the District are audited each year by an independent public accountant. The last such audit covers the fiscal year ended June 30, 2026. A copy of such report is included herein as Appendix B.

Investment Policy

Pursuant to State law, including Sections 10 and 11 of the GML, the District 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 District 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 District, 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 made 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 District pursuant to law, in obligations of the District.

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 District, 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 Board of Education of the District 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 District are made in accordance with such policy.

Fund Structure and Accounts

The General Fund is the general operating fund for the District and is used to account for substantially all revenues and expenditures of the District. The District also maintains a special aid fund and school lunch fund. In addition, a capital projects fund is used to record capital facility projects, while a trust and agency fund accounts for assets received by the District in a fiduciary capacity.

Basis of Accounting

The district-wide and fiduciary fund financial statements are reported on the accrual basis of accounting using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transaction, in which the District gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, grants and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the related expenditures are incurred.

The fund statements are reported on the modified accrual basis of accounting using the current financial resources measurement focus. Revenues are recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Source: Audited Financials of the District.

Budget Process

The District's fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District's financial plan and enrollment projection are reviewed and updated and the first draft of the next year's proposed budget is developed by the District Office staff. During the winter and early spring, the budget is developed and refined in conjunction with the school building principals and department supervisors. The District's budget is subject to the provisions of the Tax Levy Limit Law, which imposes a limitation on the amount of real property taxes that a school district may levy, and by law is submitted to voter referendum on the third Tuesday of May each year. (See *"The Levy Limit Law"* herein).

On June 16, 2026, a majority of the voters of the District approved the District's budget for the 2026-2027 fiscal year. Summaries of the District's Adopted Budget for the 2025-2026 fiscal year and Proposed Budget for 2026-2027 fiscal year may be found in Appendix A, herein.

Revenues

The District receives most of its revenue from a real property tax on all non-exempt real property situated within the District and State aid. A summary of such revenues for the five most recently completed fiscal years may be found in Appendix A.

Real Property Taxes

See *"Tax Information"* herein.

State Aid

The District receives appropriations from the State in the form of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. State aid is a substantial percentage of the revenues of the District. While the State has a constitutional duty to maintain and support a system of free common schools that provides a "sound basic education" to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available for such payment.

In addition to the amount of State Aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (See "*STAR – School Tax Exemption*" herein).

The State's 2021-22 Enacted Budget and the State's 2022-23 Enacted Budget included significant amounts of federal funding. 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 federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision. Reductions in federal funding levels could have an a materially adverse impact on the State budget. To date, school districts have received significant funding because of the COVID-19 pandemic from federal stimulus packages and reinstatement of State Foundation Aid, however, the additional federal funding ceased after the 2023-24 fiscal year.

As part of the 2025–26 Enacted State Budget, the Governor and Legislature made targeted adjustments to the Foundation Aid formula. While the formula itself remains largely intact, the budget includes a *hold harmless* provision ensuring that no district receives less Foundation Aid than in the prior year. Additionally, all districts are guaranteed at least a 2% year-over-year increase in Foundation Aid.

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget, which is due at the start of the State's fiscal year of April 1. For the past four years, including the State's current fiscal year, which began on April 1, 2026, the State's budget has been adopted after the April 1 deadline. The budget for the State's 2026-2027 fiscal year was adopted on May 28, 2026 or fifty-seven (57) days late after a series of interim budget bills were enacted. The State's fiscal year 2025-26 Enacted Budget was adopted on May 9, 2025 or thirty-eight (38) days after the April 1 deadline. The State's fiscal year 2024-25 Enacted Budget was adopted on April 22, 2024 or twenty-one (21) days after the April 1 deadline and the State's fiscal year 2023-24 Enacted Budget was adopted on May 2, 2023 or thirty-one (31) days after the April 1 deadline. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

In addition to the potential fiscal impact of policies that may be proposed and adopted by the federal administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules.

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District. (See also "*State Aid History*" herein).

Should the District 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 or by a mid-year reduction in State aid, the District is authorized by the Local Finance law to provide operating funds by borrowing in anticipation of the receipt of uncollected State Aid.

Pursuant to the Act, the District received a State Aid Advance of $7,000,000. The State Aid Advance for the 2025-2026 school year was paid on May 18, 2026. The advance represents a timing acceleration of State aid that would otherwise be received in future fiscal years and will be offset against State aid payable to the District in such future years. While this advance provided near-term liquidity to the District, it does not constitute recurring revenue and may result in reduced State aid receipts in subsequent fiscal years. (See "*State Aid Advance*" herein

The following table sets forth the percentage of the District's General Fund revenue comprised of State aid for each of the fiscal years 2022 through 2026, and the amounts budgeted for 2027.

Fiscal Year Ending June 30:	General Fund Total Revenue	State Aid[b]	State Aid to Revenues (%)
2022	$131,909,533	$58,125,233	44.06
2023	130,307,126	53,917,956	41.38
2024	135,667,793	56,645,228	41.75
2025	136,714,514	57,466,054	42.03
2026	139,705,458	57,446,041	41.12
2027 (Budgeted)[a]	144,846,580	56,328,470	38.89

Source: Audited Financial Statements of the District and Adopted Budget of the District.

a. Budgeted revenues include the application of reserves and fund balance.

b. Exclusive of State Aid Advances

Federal Aid received by the State

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 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.

Reductions in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the new administration and Congress, the State budget may be adversely affected by other actions taken by the Federal government, including audits, disallowances, and changes to Federal participations rates or other Medicaid rules.

President Trump signed an executive order that directs the Secretary of Education to take all necessary steps to facilitate the closure of the U.S. Department of Education. The executive order aims to minimize the federal role in education but stops short of completely closing the Department as this would require 60 votes in the U.S. Senate. President Trump also indicated his preference that critical functions, like distributing Individuals with Disabilities Education Act funding, would be the responsibility of other federal agencies. The impact that the executive order will have on the State and school districts in the State is unknown at this time.

Building Aid

A portion of the District's State aid consists of building aid which is related to outstanding indebtedness for capital project purposes. In order to receive building aid, the district must have building plans and specifications approved by the Facilities Planning Unit of the State Education Department. A maximum construction and incidental cost allowance is computed for each building project that takes into account a pupil construction cost allowance and assigned pupil capacity. For each project financed with debt obligations, a bond percentage is computed. The bond percentage is derived from the ratio of total approved cost allowances to the total principal borrowed. Approved cost allowances are estimated until a project final cost report is completed.

Building Aid is paid over fifteen years for reconstruction work, twenty years for building additions, or thirty years for new building construction. Building Aid for a specific building project is eligible to begin eighteen months after State Commissioner of Education approval date, for that project, and is paid over the previously described timeframe, assuming all necessary building aid forms are filed with the State in at timely manner. The building aid received is equal to the assumed debt service for the project, which factors in the bond recent, times the building aid ratio that is assigned to the District and amortized over the predefined timeframe. The building aid ratio is calculated based on a formula that involves the full valuation per pupil in the District compared to State-wide average.

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the grow indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2025-2026 preliminary building aid ratios, the District expects to receive State building aid of approximately 76.2% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

The State building aid ratio is calculated each year based upon a formula which reflects Resident Weighted Average Dily Attendance (RWADA) and the full value per pupil compared with the State average. Consequently, the estimated aid will vary over the life of each issue. State building aid is further dependent upon the continued apportionment of funds by the State Legislature.

During the years 2006, 2007 and 2010 the District issued bonds in the principal amounts of $13,000,000, $50,000,000 and $46,091,684, respectively. State buildings aid for the projects financed by the District was payable over a maximum period of 15 years in accordance with applicable law. The District's s State building ratio was 95% at the time of the borrowing. At the time of issuance each bond was amortized over 20 years. As a result, debt service payments on such bonds extend beyond the period in which State building aid will be paid by the State to the District for such bonds. The extended amortization period of the bonds is estimated to cost an additional $8 million of interest expense. In addition, the District is now faced with debt service payments in future years on such bonds for which there is no corresponding State building aid. The District did receive all of the allotted State building aid for the projects financed by the bonds in accordance with applicable law. Below is a table that provides remaining debt service on the bonds and remaining State building aid payable on the outstanding bonds. The mismatch in State building aid commenced during the District's fiscal year (2023-2024) and may create fiscal challenges on future District operating budgets without additional action by the District.

Fiscal year	Remaining Debt Service	Estimated State Building Aid
2023-2024	$7,027,975	$2,874,141
2024-2025	7,010,425	2,439,060
2025-2026	6,783,950	987,727
2026-2027	6,400,950	0
2027-2028	3,636,050	0
2028-2029	2,732,300	0
2029-2030	2,627,925	0
2030-2031	2,524,125	0
2031-2032	1,436,225	0

It should be noted that the District received over $12,000,000 in federal aid under the CRRSA Act and ARP Act. In fiscal year 2021-22, the monies were used to offset expenditures which allowed the District to fund reserves.

The Board of Education completed a review of the issues surrounding the mismatch in State building aid to prevent a similar issue from occurring in the future.

State Aid Litigation

In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity v. New York mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation, on appeal in 2006, the Court of Appeals held that $1.93 billion of additional funds for the New York City schools – as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of The Campaign for Fiscal Equity decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as Foundation Aid. The stated purpose of Foundation Aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive $5.5 billion increase in foundation aid over a four fiscal year phase-in covering 2007 to 2011.

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a "gap elimination adjustment" as described above, and other aid adjustments. The final phase-in of Foundation Aid as originally projected is now complete. (See also "*School District Fiscal Year (2023-2024)*" under the subheading "*State Aid History*" herein.)

A case related to the Campaign for Fiscal Equity, Inc. v. State of New York was heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights v. State of New York ("NYSER") and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate

Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the CFE case that absent "gross education inadequacies", claims regarding State funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021 Governor Kathy Hochul announced that New York State has reached an agreement to settle and discontinue the New Yorkers for Students' Educational Rights v. New York State case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing this much-needed funding to our students. The litigation, was initiated in 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the historic Campaign for Fiscal Equity cases, and had been previously opposed by the State. Foundation Aid was created in 2007 and takes school district wealth and student need into account to create an equitable distribution of state funding to schools, however, New York State has never fully funded Foundation Aid. The new settlement required New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April 2021, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 budget and enshrined this commitment into law. A breakdown of Foundation Aid funding is set forth below:

- FY 2022: $19.8 billion, covering 30% of the existing shortfall
- FY 2023: Approximately $21.3 billion, covering 50% of the anticipated shortfall
- FY 2024: Approximately $23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school districts

See also "*State Aid*" herein.

State Aid History

School district fiscal year (2022-2023):The State's 2022-23 Enacted Budget provided $31.5 billion in State funding to school districts for the 2022-23 school year, the highest level of State aid ever at that time. This represented an increase of $2.1 billion or 7.2 percent compared to the 2021-22 school year and included a $1.5 billion or 7.7 percent Foundation Aid increase.

The State's 2022-23 Enacted Budget also programed $14 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, was designed to assist public schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2022-23 Enacted Budget allocated $100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State's 2022-23 Enacted Budget increased federal funds by $125 million to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

School district fiscal year (2023-2024): The State's 2023-24 Enacted Budget provided $34.5 billion in State funding to school districts for the 2023-24 school year, the highest level of State aid ever at that time. This represented an increase of $3 billion or 9.6 percent compared to the 2022-23 school year, and included a $2.6 billion or 12.1 percent Foundation Aid increase, which fully funded Foundation Aid for the first time in its 17-year history and ensured that each school district received a minimum year-to-year increase of 3 percent.

School district fiscal year (2024-2025): The State's 2024-25 Enacted Budget provided $35.9 billion in State funding to school districts for the 2024-25 school year, the highest level of State aid ever. This represented an increase of $1.3 billion compared to the 2023-24 school year and included a $934 million or 3.89 percent Foundation Aid increase. The State's 2024-25 Enacted Budget maintains the "save harmless" provision, which ensured a school district receives at least the same amount of Foundation Aid as it received in the prior year. The State's 2024-25 Enacted Budget also authorized a comprehensive study by the Rockefeller Institute and the State Department of Education to develop a modernized school funding formula. (See also "*State Aid*" herein.)

School district fiscal year (2025-2026): The State's 2025-26 Enacted Budget provided $37.6 billion in State funding to school districts for the 2025-26 school year, the highest level of State aid ever. This represented an increase of $1.7 billion or 4.9 percent compared to the 2024-25 school year and included a $1.4 billion or 5.6 percent Foundation Aid increase. The State's 2025-26 Enacted Budget included a 2% minimum increase in Foundation Aid to all school districts and makes a number of alterations to the Foundation Aid formula designed to reflect low-income student populations and provide additional aid to low-wealth school districts.

Provisions in the State's 2025-26 Enacted Budget grant the State Budget Director the authority to withhold all or some of the amounts appropriated therein, including amounts that are to be paid on specific dates prescribed in law or regulation (such as State aid) if, on a cash basis of accounting, a "general fund imbalance" has or is expected to occur in fiscal year 2025-26. Specifically, the State's 2025-26 Enacted Budget provided that a "general fund imbalance" has occurred, and the State Budget Director's powers are activated, if any State fiscal year 2025-26 quarterly financial plan update required by Subdivision 4 of Section 23 of the New York State Finance Law reflects, or if at any point during the final quarter of State fiscal year 2025-26 the State Budget Director projects, that estimated general fund receipts and/or estimated general fund disbursements have or will vary from the estimates included in the State's 2025-26 Enacted Budget financial plan required by sections 22 and 23 of the New

York State Finance Law results in a cumulative budget imbalance of $2 billion or more. Any significant reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State.

School district fiscal year (2026-2027): The State's 2026-27 Enacted Budget provides $39 billion in school aid, reflecting a $1.7 billion increase, and includes $27.4 billion in Foundation Aid with a 2% minimum increase for districts. Additionally, the budget allocates a $561 million increase for Universal Pre-Kindergarten, aiming for full-day instruction for all four-year-olds by the 2028-29 school year, following the official adoption of the $268.1 billion budget.

Provisions in the State's 2026-27 Enacted Budget grant the State Budget Director the authority to withhold all or some of the amounts appropriated therein, including amounts that are to be paid on specific dates prescribed in law or regulation (such as State aid), if, on a cash basis of accounting, a "general fund imbalance" has or is expected to occur in fiscal year 2026-27. Specifically, the State's 2026-27 Enacted Budget provides that a "general fund imbalance" has occurred, and the State Budget Director's powers are activated, if any State fiscal year 2026-27 quarterly financial plan update required by Subdivision 4 of Section 23 of the New York State Finance Law reflects, or if at any point during the final quarter of State fiscal year 2026-27 the State Budget Director projects, that estimated general fund receipts and/or estimated general fund disbursements have or will vary from the estimates included in the State's 2026-27 Enacted Budget financial plan required by Sections 22 and 23 of the New York State Finance Law, resulting in a cumulative budget imbalance of $2 billion or more. Before any payments may be withheld pursuant to this provision, the State Budget Director must first deplete the $2 billion transaction risk reserve accounting mechanism to resolve the determined general fund imbalance, as practicable. Any significant reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State.

Expenditures

The major categories of expenditure for the District are General Support, Instruction, Employee Benefits, Pupil Transportation and Debt Service. A summary of the expenditures for the five most recently completed fiscal years may be found in Appendix A.

The State Comptroller's Fiscal Stress Monitoring System and OSC Compliance Reviews

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

The fiscal stress scores are based on financial information submitted as part of each school ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the Office of the State Comptroller (OSC). Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." The system also produces environmental stress scores based primarily on federal Census data. The system's environmental stress indicators are designed to assess factors that may increase a particular local government's exposure to fiscal stress, including: change in population, poverty rate, percentage of nonworking age population, tax base, median income, unemployment rate, and reliance on State and federal aid.

The classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of OSC designates the District as follows:

Fiscal Score: 55.0% - "Moderate Fiscal Stress"
Environmental Score: 28.3% - "No Designation"

More information on the FSMS may be obtained from the Office of the State Comptroller.

In addition, OSC helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recently completed audit was published April 10, 2026. The purpose of the audit was to provide an independent evaluation of the adopted budgets for 2024-2025 and 2025-2026 fiscal years and the proposed budget for the 2026-2027 fiscal year. A copy of such audit is summarized in the section entitled "Audits and Investigations" herein.

References to websites and/or website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Statement.

Employee Pension Benefits

New York State Certified employees (teachers and administrators) are members of the New York State Teachers Retirement System ("TRS"). Employer pension payments to the TRS are generally deducted from State aid payments. All non-NYS certified/civil service employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employee's Retirement System ("ERS"). Both the TRS and ERS are non-contributory with respect to members hired prior to July 1, 1976. Other than as discussed below, all members of the respective systems hired on or after July 1, 1976 with less than 10 year's full-time service contribute 3% of their gross annual salary toward the cost of retirement programs.

The New York State and Local Retirement System ("NYSLRS") provides pension benefits to employees of the State and its political subdivisions, including the District. Employees hired on or after January 1, 2010 and April 1, 2012 are generally members of Tier 5 and Tier 6, respectively, which provide reduced benefits and/or increased employee contribution requirements compared to earlier tiers. In recent years, the State has enacted certain modifications to these tiers, including lowering the vesting period from 10 years to 5 years and a reduction in the Final Average Salary calculation period from five (5) years to three (3) years, which may result in increased pension benefits for affected members.

In addition, the State recently enacted major pension changes for Tier 6 public employees as part of the State's 2026-2027 Enacted Budget. For Tier 6 public employees, these reforms improve benefits, reduce mandatory employee contributions on a sliding salary scale, lower the retirement age for teachers, and increase the cap on overtime that can be calculated into pensions. The changes that were enacted to align Tier 5 and Tier 6 benefits more closely with those available under earlier tiers. Increasing pension benefits or otherwise modifying the NYSLRS is expected to result in increased costs to the State and participating employers, including school districts, which could have an adverse effect on their financial condition.

Under current law, the employer pension payments for a given fiscal year are based on the value of the pension fund on the prior April 1 thus enabling the District to more accurately include the cost of the employer pension payment in its budget for the ensuing year. In addition, the District is required to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would make a lower payment possible. The annual employer pension payment is due on February 1 of each year.

The employer contribution rates for required pension payments to the TRS and ERS continue to be higher than the statutory minimum contribution. To help mitigate the impact of such contributions, various forms of legislation have been enacted from time to time that permitted school districts to amortize a portion of its annual employer pension payments. The District has not amortized any of its employer pension payments pursuant to such legislation and expects to continue to pay all payments in full when due.

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has established and funded a TRS reserve fund and as of June 30, 2026, it was funded at $820,001.

The following chart represents the TRS and ERS required contributions for each of the last five completed fiscal years and the budgeted amount for 2027.

Fiscal Year Ending June 30:	TRS	ERS
2022	$5,308,899	$1,149,335
2023	5,557,653	964,279
2024	5,604,621	1,105,378
2025	5,692,317	1,303,982
2026	5,561,379	1,625,000
2027 (Budgeted)	4,421,732	1,846,476

Source: District Officials.

Other Post-Employment Benefits

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

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

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

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

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

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

The District's total OPEB liability at June 30, 2026 is as follows:

Changes in the Total OPEB Liability	Fiscal Year Ending June 30, 2026:
Total OPEB liability as of July 1, 2025	$197,740,834
Changes for the year:	
Service Cost	5,523,397
Interest	8,137,191
Changes in benefit terms	-2,052,180
Differences between actual and expected experience	11,622,276
Changes in assumptions or other inputs	(20,596,004)
Benefit payments	(7,723,787)
Total Changes	($5,089,107)
Total OPEB liability as of June 30, 2026	$192,651,727

The OSC has recently proposed legislation to provide the State and certain local governments with the authority to establish trusts in which to accumulate assets for OPEB and to establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments. The District cannot predict at this time whether such proposed legislation will be enacted into law. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the District has decided to continue funding the expenditure on a pay-as-you-go basis.

Should the District be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the District's finances and could force the District to reduce services, raise taxes or both.

TAX INFORMATION

Real Property Taxes

The District derives its power to levy an ad valorem real property tax from the State Constitution; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the District are prepared by the Town of Brookhaven. Assessment valuations are determined by the Town assessors and the State Board of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Board of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and real property taxing limitations. The District is not subject to constitutional real property taxing limitations; however, see "*The Tax Levy Limit Law*" herein for a discussion of certain statutory limitation that have been imposed.

The following table sets forth the percentage of the District's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2022 through 2026, and the amount budgeted for 2027.

Fiscal Year Ending June 30:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2022	$131,909,533	$59,556,163	45.15
2023	130,307,126	60,949,870	46.77
2024	135,667,793	63,187,477	46.58
2025	136,714,514	65,398,737	47.84
2026	139,705,458	68,094,702	48.74
2027 (Budgeted)	144,846,580	81,113,604	56.00

Source: Audited Financial Statements of the District and Adopted Budget of the District.

Tax Collection Procedure

Property taxes for the District, together with County, Town and Fire District taxes, are collected by the Town Tax Receiver. 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 10% after May 31.

The Town Tax Receiver distributes the collected tax money to the Towns, fire and school districts prior to distributing the balance collected to the County. Uncollected amounts are not segregated by the Receiver and any deficiency in tax collection is the County's liability. The District thereby is assured of full tax collection. Time to time, a small portion of the tax levy is paid to the District during the first several months of the next fiscal year.

The Tax Levy Limit Law

Chapter 97 of the New York Laws of 2011, as amended, (herein referred to as the "Tax Levy Limit Law" or "Law") modified previous law by imposing a limit on the amount of real property taxes that a school district may levy.

Prior to the enactment of the Law, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year's budget or one hundred twenty percent (120%) of the consumer price index ("CPI").

Under the Tax Levy Limit Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the consumer price index, subject to certain exclusions as mentioned below and as described in the Law. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Law (such as the Notes), however, such exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

STAR - School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities ("STAR Adjusted Gross Income") of $86,000 or less, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first $66,800 for the 2018-19 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of $500,000 are eligible for a $30,000 "full value" exemption on their primary residence. School districts receive full reimbursement from the State for real property taxes exempted pursuant to the STAR program by the first business day in January of each year.

Part A of Chapter 60 of the Laws of 2016 of the State of New York ("Chapter 60") gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-2016 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. However, a new homeowner may receive a new personal income tax credit in the form of a check. The dollar benefit to eligible taxpayers will not change. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-2016 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

The State 2017-18 Enacted Budget included changes to Chapter 60. STAR checks are now expected to be mailed out prior to the date that school taxes are payable. The amount of the check will be based on the previous year's amount adjusted by the levy growth factor used for the property tax cap. Any changes that must be made based on the final STAR credit compared to the estimate used will be factored into the subsequent year's STAR credit check or taxpayers also may account for those changes in their State income taxes.

The 2019-20 Enacted State Budget makes several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption has been lowered to $250,000, compared with a $500,000 limit for the Credit. The amount of the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually.

The State's 2020-21 Enacted Budget withholds STAR benefits to taxpayers who are delinquent in the payment of their school taxes and maintains the income limit for the exemption to $250,000, compared with a $500,000 limit for the credit.

Approximately 5.17% of the District's 2025-2026 school tax levy was exempted by the STAR program and the District has received full reimbursement of such exempt taxes from the State. Approximately 5.17% of the District's 2026-2027 school tax levy is expected to be exempt by the STAR program and the District expects to receive full reimbursement of such exempt taxes from the State in January 2027. (See *"State Aid"* herein).

Valuations, Rates and Levies

The following table sets forth District's assessed and full valuations, tax rates and levies for each of the years 2022 through 2026.

	2022	2023	2024	2025	2026
Town of Brookhaven					
Assessed Valuation	$26,657,420	$26,821,680	$26,851,479	$26,950,417	$27,321,867
Equalization Rate	0.74%	0.62%	0.54%	0.53%	0.48%
Full Valuation	$3,602,354,054	$4,326,077,419	$4,972,496,111	$5,084,984,340	$5,692,055,625
Tax Levy	$59,445,377	$60,818,089	$63,084,248	$65,174,971	$67,413,881
Tax Rate Per $100 of Assessed Valuation	$240.98	$243.63	$250.17	$255.55	$259.19

Source: Tax Rate Sheets for the Town of Brookhaven.

Selected Listing of Large Taxable Properties in the District
2025-2026 Assessment Roll [a]

Name	Type	Assessed Valuation
LIPA	Utility	$696,201
PR IVC Rosemont Property LLC	Commercial	628,020
LBV Ventures LLC	Commercial	346,500
Centro NP Sunshine Square LLC	Commercial	228,850
KeySpan Gas East Corp	Utility	147,609
Sinkoff Realty LLC	Commercial	138,240
AHIP NY Bellport Properties LLC	Commercial	133,000
Bellport Ontario Warehouse LLC	Commercial	117,350
Sills Road Operating LLC	Commercial	107,985
Bellhaven Property LLC	Commercial	105,200
Brookwood Senior LLC	Commercial	77,000
Omega Moulding Company	Commercial	72,800
Patchogue Senior Apartments	Commercial	71,725
CCP Brookhaven 7581 LLC	Commercial	68,900
YF Bellport LLC	Commercial	62,650
	Total [b]	$3,002,030

a. Assessment Roll established in 2025 for levy and collection of taxes during 2026 Fiscal Year.
b. Represents 10.99% of the Assessed Valuation of the District for 2025-2026.
Source: Town Assessment Roll.

LITIGATION

In common with other school districts, the District from time to time receives notices of claim and is party to litigation. In the opinion of the District, after consultation with its attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the District has not asserted a substantial and adequate defense, nor which, if determined against the District, would have an adverse material effect on the financial condition of the District.

Johnson v. South Country Central School District, Index No. 606050/2024 (Suffolk County Supreme Court): On or about March 20, 2023, the Plaintiff filed a summons and compliant in federal court alleging, inter alia, First Amendment retaliation and breach of contract. Thereafter, Plaintiff's claims were dismissed in federal court and on or about March 8, 2024, Plaintiff refiled in Suffolk Supreme Court. Upon refiling, Plaintiff agreed to remove the individual District defendants from the action. In summary, Plaintiff submitted her resignation from her position in the District for the purpose of "retirement" thus triggering an obligation for the District to provide certain retirement benefits. Nonetheless, thereafter the District discovered Plaintiff did not actually retire and instead took a job in another school district. As a result, the District did not provide the retirement benefits. Plaintiff challenges such action and has previously demanded, inter alia, 5 million dollars in compensatory damages; and 1.6 million dollars in "special damages." The District filed a motion to dismiss and recently received a decision dismissing Plaintiff's constitutional claims; however, the Court denied the motion to dismiss Plaintiff's breach of contract claims. As this matter is primarily a breach of contract claim, it is not covered by the District's insurance policy. Accordingly, this matter is being handled by the District's special counsel.

Jeffrey Yablon v. South Country Central School District, Index No. 610538/2024 (Suffolk County Supreme Court): On or about April 25, 2024, the District was served with a summons and complaint by Plaintiff, individually and on behalf of his son, alleging his son sustained severe and permanent injuries caused by other District students in an incident of alleged bullying and/or hazing which occurred on April 24, 2023. The District is represented in this matter by insurance counsel and the parties are engaged in the initial discovery process. It is anticipated the Plaintiff will seek damages in excess of insurance coverage. Should the Plaintiff be successful in his action against the District, any liability in excess of the insurance coverage may be a District charge and would be funded either through budgetary appropriations or the issuance of bonds.

Dennis Nix, et al. v. South Country Central School District, et al., Index No. 615469/2025 (Suffolk County Supreme Court): On or about June 13, 2025, the District was served with a summons and complaint by Plaintiff, individually and on behalf of his son, claiming personal injuries sustained in an incident of alleged bullying and/or harassment on or about April 30, 2024. The District is represented in this matter by insurance counsel and the parties are engaged in the initial discovery process. It is anticipated the Plaintiff will seek damages in excess of insurance coverage. Should the plaintiff be successful in its action against the District, any liability in excess of the insurance coverage may be a District charge and would be funded either through budgetary appropriations or bonding.

CYBERSECURITY

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

RISK FACTORS

THE DISTRICT HAS EXPERIENCED A SIGNIFICANT DETERIORATION IN ITS FINANCIAL POSITION IN RECENT YEARS AS A RESULT OF STRUCTURAL OPERATING IMBALANCES THAT HAVE CAUSED A SUBSTANTIAL DRAWDOWN OF FUND BALANCE AND RESERVES. THE DISTRICT'S AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2026 REPORT A DECREASE IN GENERAL FUND BALANCE OF $11,534,264 AND AN UNASSIGNED GENERAL FUND BALANCE DEFICIT OF $9,805,203 AT JUNE 30, 2026. ALTHOUGH THE DISTRICT HAS IMPLEMENTED EXPENDITURE REDUCTIONS AND ENHANCED FINANCIAL CONTROLS, ITS FISCAL RECOVERY REMAINS INCOMPLETE, AND ITS CAPACITY TO ABSORB UNANTICIPATED COSTS IS LIMITED. THE DISTRICT'S DEFICIT FINANCING AND STATE AID ADVANCE PROVIDED LIQUIDITY BUT WILL RESULT IN FUTURE DEBT SERVICE REQUIREMENTS AND REDUCTIONS IN STATE AID OTHERWISE AVAILABLE FOR OPERATIONS. THERE CAN BE NO ASSURANCE THAT THE DISTRICT'S CORRECTIVE MEASURES WILL PREVENT FURTHER OPERATING DEFICITS OR RESTORE AVAILABLE FUND BALANCE.

THE FOREGOING COULD AFFECT THE MARKETABILITY AND THE MARKET VALUE OF THE NOTES. FOR MORE INFORMATION, SEE ALSO "*DISCUSSION OF RECENT FINANCIAL OPERATING RESULTS AND* PROJECTED *CUMULATIVE DEFICIT*", HEREIN.

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, to make an informed investment decision. Investors should consider, in particular, the following factors:

Federal Policy Risk. Federal polices on trade, immigration, and other topics can shift dramatically from one administration to another. From time to time, such shifts can result in reductions to the State's level of federal funding for a variety of social services, health care, public safety, transportation, public health, and other federally funded programs. There can be no prediction of future changes in federal policy or the potential impact on any related federal funding that the State may or may not receive in the future. In addition, reductions in federally funded programs could increase operating and service demands at the local level, potentially resulting in greater financial pressure on school district budgets and taxpayers. The extent and timing of any such impact cannot be predicted.

The District's credit rating could be affected by circumstances beyond the District'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 District 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 District's credit rating could adversely affect the market value of the Notes.

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

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

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 District, without providing exclusion for debt service on obligations issued by municipalities and fire districts, including the District, may affect the market price and/or marketability for the Notes. (See "*The Tax Levy Limit Law*" herein.)

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

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid.

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the State's economy and financial condition, including State fiscal stress, or other circumstances. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. (See "*State Aid*" and "*State Aid History*" herein).

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the 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 Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The Tax Certificate of the District (the "Tax Certificate"), which will be delivered concurrently with the delivery of the 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 District in connection with the Notes, and Bond Counsel has assumed compliance by the District 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 Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the District, 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.

Bond Counsel expresses 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 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 its 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 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 Notes in order that interest on the 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 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 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 District, in executing the Tax Certificate, will certify to the effect that the District 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 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 Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. 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 Notes.

Prospective owners of the 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 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 the 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 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 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 Notes should consult their own tax advisors regarding the treatment of 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 note premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the 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 a Note 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 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, could adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the 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) or such decisions could affect the market price or marketability of the Notes.

Prospective purchasers of the 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 Hawkins Delafield & Wood LLP, Bond Counsel, substantially as set forth in Appendix D hereto.

DISCLOSURE UNDERTAKING

In order to assist the purchasers of the Notes in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the District will execute an "Undertaking to Provide Notices of Events", substantially in the form of which is attached hereto as Appendix E.

RATING

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

On May 12, 2026, S&P Global Ratings ("S&P") lowered its long-term rating on the District's outstanding general obligation bonds from "AA" to "A+" and placed the rating on CreditWatch with negative implications. On August 4, 2026, S&P affirmed the "A+" rating, removed it from CreditWatch and assigned a negative outlook.

S&P attributed the removal from CreditWatch to progress toward structural budgetary balance following voter approval of the District's revised 2026-2027 budget, which incorporated expenditure reductions and a tax levy increase. The negative outlook reflects continued concerns regarding operating imbalances, depleted reserves and weaknesses in financial controls. S&P indicated that further deterioration in operating results or reserves, or persistent audit findings, could result in a further downgrade. The outlook could return to stable if fiscal year 2027 results improve and S&P determines that structural budgetary balance is sustainable.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District 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 business office of the District: John Belmonte, Acting Assistant Superintendent for Finance and Management Services or Robert Doyle, Assistant Superintendent for Finance, South Country Central School District at Brookhaven, 189 Dunton Avenue, East Patchogue, New York 11772, Phone (631) 730-1544, Fax (631) 286-7587, email jbelmonte@southcountry.org and rdoyle@southcountry.org or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number (631) 331-8888, and website: www.munistat.com

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are "forward-looking statements", within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the District's management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District's files with the repositories. When used in District's documents or oral presentation, the words "anticipate", "believe", "intend", "plan", "foresee", "likely", "estimate", "expect", "objective", "projection", "forecast", "goal", "will", or "should", or similar words or phrases are intended to identify forward-looking statements.

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

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 District nor Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, Inc. and the District 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 District also assume no liability or responsibility for any errors or omissions or unauthorized editing 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 District and the original purchasers or owners of any of the Notes.

By: s/s CHRISTOPHER ROSS
President of the Board of Education
South Country Central School District at Brookhaven
East Patchogue, New York

November , 2026

APPENDIX A

FINANCIAL INFORMATION

SOUTH COUNTRY CENTRAL SCHOOL DISTRICT

Balance Sheet

Gneral Fund

	Fiscal Year Ending June 30:				
	2022	2023	2024	2025	2026
Assets:					
Cash & Investments	$ 40,151,751	$ 34,515,675	$ 34,264,051	$ 21,194,701	$ 28,169,003
Accounts Receivable	303,750	284,671	123,838	384,241	102,078
Due From Other Funds	2,078,651	9,338,558	5,929,118	3,418,726	3,303,192
Due From State and Federal	4,992,346	5,362,505	5,565,918	6,543,439	6,919,293
Prepaids		8,346			
Lease Receivable					234,574
Due From Other Governments	617,566	800,842	435,045	881,450	416,232
Total Assets	$ 48,144,064	$ 50,310,597	$ 46,317,970	$ 32,422,557	$ 39,144,372
Liabilities & Deferred Revenues:					
Accounts Payable	$ 2,427,820	$ 4,822,995	$ 4,505,521	$ 3,892,448	$ 5,590,645
Accrued Liabilities	880,564	738,644	802,334	872,958	1,211,990
Due to Other Funds		237,773	169,078	2,324,424	27,864
Due to Teacher Retirement Systems	5,772,220	6,065,313	6,180,102	6,691,080	6,201,422
Due to Employee Retiremnet System	229,287	259,964	325,996	396,124	425,679
Compensated Absences	918,755	558,731	609,435	466,095	1,704,391
Other Liabilities	174,974	165,655	193,310	221,732	149,690
Notes Payable					11,000,000
Deferred Revenues	2,188,262	2,077,853	1,874,708	2,171,613	8,980,872
Total Liabilities & Deferred Revenue	12,591,882	14,926,928	14,660,484	17,036,474	35,292,553
Fund Equity:					
Nonspendable		8,346			171,429
Restricted	24,691,307	24,664,386	22,118,686	16,883,352	12,917,670
Assigned	5,148,919	5,075,657	4,783,741	285,979	567,923
Unassigned	5,711,956	5,635,280	4,755,059	(1,783,248)	(9,805,203)
Total Fund Equity and Other Credits	35,552,182	35,383,669	31,657,486	15,386,083	3,851,819
Total Liabilities and Fund Equity	$ 48,144,064	$ 50,310,597	$ 46,317,970	$ 32,422,557	$ 39,144,372

Source: Audited Annual Financial Reports of the District (2022-2026)

NOTE: This table NOT audited

SOUTH COUNTRY CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Fund Balances
General Fund

	Fiscal Year Ending June 30:				
	2022	2023	2024	2025	2026
Revenues:					
Real Property Taxes	$ 59,556,163	$ 60,949,870	$ 63,187,477	$ 65,398,737	$ 68,094,702
Other Real Property Tax Items	12,491,112	12,799,665	12,224,862	11,316,652	11,159,655
Charges for Services	215,493	86,887	401,620	277,049	235,204
Use of Money and Property	147,904	1,171,170	1,326,728	1,014,140	695,213
Sale of Property and Compensation for Loss	4,826	57,109	49,744	94,046	319,601
Miscellaneous	1,117,682	959,923	1,611,708	890,484	1,609,624
State Sources	58,125,233	53,917,956	56,645,228	57,466,054	57,446,041
Medicaid Reimbursement	251,120	73,983	156,140	200,808	90,063
Federal Sources		290,563	64,286	56,544	55,355
Total Revenues	131,909,533	130,307,126	135,667,793	136,714,514	139,705,458
Expenditures:					
General Support	14,045,766	14,566,623	17,159,985	17,772,489	18,421,776
Instruction	65,567,389	63,203,921	69,890,840	76,910,655	74,586,900
Pupil Transportation	8,957,145	9,485,943	10,586,711	11,454,524	11,827,804
Employee Benefits	31,166,211	29,925,531	31,656,877	35,502,292	38,380,773
Debt Service	7,848,918	8,437,539	7,967,088	7,750,705	7,638,624
Total Expenditures	127,585,429	125,619,557	137,261,501	149,390,665	150,855,877
Excess (Deficiency) of Revenues Over Expenditures	4,324,104	4,687,569	(1,593,708)	(12,676,151)	(11,150,419)
Other Uses:					
Operating Transfer In	574,052	505,641			
Operating Transfers (out)	(541,913)	(5,361,723)	(2,132,475)	(3,595,252)	(383,845)
Total Other Uses	32,139	(4,856,082)	(2,132,475)	(3,595,252)	(383,845)
Total Expenditures & Other Uses	127,617,568	120,763,475	135,129,026	145,795,413	150,472,032
Excess (Deficit) Revenues & Other Sources Over Expenditures & Other Uses	4,356,243	(168,513)	(3,726,183)	(16,271,403)	(11,534,264)
Fund Balances Beg. of Fiscal Year	31,195,939	35,552,182	35,383,669	31,657,486	15,386,083
Fund Balances End of Fiscal Year	$ 35,552,182	$ 35,383,669	$ 31,657,486	$ 15,386,083	$ 3,851,819

Source: Audited Annual Financial Reports of the District (2022-2026)
NOTE: This table NOT audited

SOUTH COUNTRY CENTRAL SCHOOL DISTRICT
Budget Summaries

	Fiscal Year Ending June 30:	
	2026	2027
Revenues:		
Real Property Taxes	$ 71,496,354	$ 75,442,730
PILOT	7,742,234	7,691,506
Use of Money & Property	1,448,978	1,825,874
State Aid and/or Federal Aid	56,378,439	56,328,470
Miscellaneous Items	523,272	874,000
Appropriated Fund Balance	9,575,000	2,684,000
Total Revenues	$ 147,164,277	$ 144,846,580
Expenditures:		
General Support	$ 22,573,678	$ 16,820,919
Instruction	68,810,905	70,872,161
Pupil Transportation	11,617,023	11,479,568
Employee Benefits	35,208,721	36,568,686
Interfund Transfer	1,300,000	325,000
Debt Service	7,653,950	8,780,246
Total Expenditures	$ 147,164,277	$ 144,846,580

Sources: Adopted and Proposed Budgets of the District

APPENDIX B

CASH FLOWS

CASH FLOW SUMMARY
2025-2026 (Actual)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Balance	21,193,989	12,560,968	9,189,143	33,067,042	20,499,501	11,272,636	3,165,600	14,866,744	3,783,683	13,914,836	1,879,584	18,869,262	21,193,989 [a]
Receipts													
Property Taxes - School						1,353,396	29,312,213	9,744,958	1,121,444	657,398	3,751,034	22,154,259	68,094,702
Property Txes - Library						77,220	1,672,456	562,561	253,512	38,510	214,022	1,465,145	4,283,426
Star Payment							3,401,934						3,401,934
PILOTS	5,389			282,479			35,086	404,998	3,488,160			3,623,683	7,839,795
State Aid	2,447,493	1,407,111	9,458,553	2,961,571	3,750,657	5,268,678	617,927	1,681,788	21,261,936	352,130	10,847,270	2,591,361	62,646,475 [b]
State Aid Advance											7,000,000		7,000,000
Boces	1,120,466			1,008,359									2,128,825
Interest	68,958	50,447	34,400	38,092	57,764	29,421	17,642	27,722	48,613	45,259	51,297	44,306	513,921
Other Receipts	64,019	159,758	8,388	182,550	30,409	57,581	66,314	1,410,931	44,815	92,442	86,126	427,809	2,631,142
TAN Proceeds			27,506,850										27,506,850
BAN Proceeds											11,051,150		11,051,150
Total Receipts	3,706,325	1,617,316	37,008,191	4,473,051	3,838,830	6,786,296	35,123,572	13,832,958	26,218,480	1,185,739	33,000,899	30,306,563	197,098,220
Disbursements:													
Salaries & Benefits	5,824,473	3,214,021	11,697,759	12,338,035	8,016,950	11,141,562	5,624,421	8,789,915	8,500,180	8,547,226	8,467,589	15,293,599	107,455,730
Other Expenses	1,211,469	658,844	1,323,847	1,356,319	4,315,128	2,215,196	3,930,414	5,129,205	4,048,785	2,773,081	1,955,808	4,148,742	33,066,838
Debt Service - Principal	3,075,000			2,850,000									5,925,000
Debt Service - Interest	358,025			138,750			294,675			67,500			858,950
Due to Other Funds	1,564,990	1,116,276	108,686	357,488	233,617	1,536,574	522,769	420,410	1,270,653	1,175,786	567,510	1,368,160	10,242,919
TAN Repayment - Principal							12,225,166	9,744,958	1,121,444	657,398	3,751,034		27,500,000
TAN Repayment - Interest											790,911		790,911
BAN Repayment Principal													0
BAN Interest Payments													0
Public Library	305,389				500,000		824,983	831,530	1,146,265		478,369	196,890	4,283,426
Total Disbursements	12,339,346	4,989,141	13,130,292	17,040,592	13,065,695	14,893,332	23,422,428	24,916,018	16,087,327	13,220,991	16,011,221	21,007,391	190,123,774
Balance	12,560,968	9,189,143	33,067,042	20,499,501	11,272,636	3,165,600	14,866,744	3,783,683	13,914,836	1,879,584	18,869,262	28,168,434	28,168,434
Note Repayment Account													
Opening Balance	0	0	0	0	0	0	0	12,225,166	21,970,124	23,091,568	23,748,966	0	0
Receipts	0	0	0	0	0	0	12,225,166	9,744,958	1,121,444	657,398	3,751,034	0	27,500,000
Disbursements	0	0	0	0	0	0	0	0	0	0	27,500,000	0	27,500,000
Closing Balance	0	0	0	0	0	0	12,225,166	21,970,124	23,091,568	23,748,966	0	0	0

a. Balance as of June 30, 2025, includes $18,781,821 in restricted cash.

CASH FLOW SUMMARY
2026-2027 (Actual/Projected)

	Actual Jul	Actual Aug	Actual Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Balance	28,168,434	16,119,675	15,271,844	12,833,843	4,536,627	4,542,862	506,181	25,943,042	23,852,607	31,124,729	21,351,071	24,852,493	28,168,434 [a]
Receipts													
Property Taxes - School						1,457,709	31,623,784	10,515,315	1,210,040	707,625	4,047,618	21,200,461	70,762,552
Property Txes - Library						83,629	1,809,153	601,370	69,341	40,764	231,555	1,366,635	4,202,447
Star Payment							3,401,934						3,401,934
PILOTS	98,306						1,049,382	401,497	3,458,101			3,796,527	8,803,813
State Aid	85,152	1,401,789	8,664,779	2,651,031	3,721,436	4,632,254	232,834	232,834	16,065,863		10,794,367	7,846,130	56,328,469
Boces	1,285,857			1,052,064									2,337,921
Due From Other Funds	2,218,922	129,471											2,348,393
Interest	57,544	38,060	29,686	49,771	49,771	49,771	49,771	49,771	49,771	49,771	49,771	49,771	573,229
Other Receipts	107,909	273,897	60,394	18,671	51,105	99,780	99,780	1,196,855	99,780	99,780	148,456	148,456	2,404,863
TAN Proceeds					5,800,000								5,800,000
Bond Proceeds (Deficit Financing)											9,800,000		9,800,000
Total Receipts	3,853,690	1,843,217	8,754,859	3,771,537	9,622,312	6,323,143	38,266,638	12,997,642	20,952,896	897,940	25,071,767	34,407,980	166,763,621
Disbursements:													
Salaries & Benefits	10,116,972	1,711,412	9,902,022	6,824,216	6,431,041	8,469,901	8,278,232	9,896,600	9,908,285	6,728,231	6,546,600	10,865,682	95,679,194
Other Expenses	1,339,217	303,169	887,152	2,477,037	2,685,036	1,889,923	3,013,183	4,269,562	3,236,283	3,407,161	2,957,539	12,743,092	39,208,354
Debt Service - Principal	3,110,000			2,700,000									5,810,000
Debt Service - Interest	294,675			67,500			228,775						590,950
Due to Other Funds	653,912	426,467	403,686										1,484,065
EPC Principal	57,939						202,731						260,670
EPC Interest	329,734						184,942						514,676
TAN Repayment - Principal												5,800,000	5,800,000
TAN Repayment - Interest												973,950	973,950
BAN Interest Payments											530,000		530,000
BAN (Deficit Financing)											11,000,000		11,000,000
Public Library		250,000			500,000		921,914	921,914	536,206	536,206	536,206		4,202,446
Total Disbursements	15,902,449	2,691,048	11,192,860	12,068,753	9,616,077	10,359,824	12,829,777	15,088,076	13,680,774	10,671,598	21,570,345	30,382,724	166,054,305
Balance	16,119,675	15,271,844	12,833,843	4,536,627	4,542,862	506,181	25,943,042	23,852,607	31,124,729	21,351,071	24,852,493	28,877,749	28,877,749
Note Repayment Account													
Opening Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Receipts	0	0	0	0	0	0	0	0	0	0	0	5,800,000	5,800,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	5,800,000	5,800,000
Closing Balance	0	0	0	0	0	0	0	0	0	0	0	0	0

a. Balance as of June 30, 2026, includes $12,945,525 in restricted cash.

SOUTH COUNTRY CENTRAL SCHOOL DISTRICT AT BROOKHAVEN

APPENDIX C

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

►Click Here For 2026 Audit

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. CONSENT OF THE AUDITORS HAS NOT BEEN REQUESTED OR OBTAINED.

APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

FORM OF OPINION OF BOND COUNSEL

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

November , 2026

The Board of Education of
South Country Central School District at Brookhaven,
in the County of Suffolk, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to South Country Central School District at Brookhaven (the "School District"), in the County of Suffolk, a school district of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the $5,800,000 Tax Anticipation Notes for 2026-2027 Taxes (the "Note"), dated and delivered 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 Note is a valid and legally binding general obligation of the School District for which the School District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the School District is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon, subject to certain statutory limitations. 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 for federal income tax purposes 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 School District 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 School District 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 School District'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 School District with the procedures and representations 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 adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Note or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the School District, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Note.

Very truly yours,

APPENDIX E

FORM OF EVENTS NOTICE UNDERTAKING

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

"EMMA" shall mean 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 the South Country Central School District, in the County of Suffolk, a school district 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 President of the Board of Education as of November 24, 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 $5,800,000 Tax Anticipation Notes for 2026-2027 Taxes, dated November 24, 2026, maturing on June 24, 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 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 material 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 **November 24, 2026.**

SOUTH COUNTRY CENTRAL SCHOOL DISTRICT AT BROOKHAVEN

By _____
President of the Board of Education