

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 20, 2023

NEW ISSUE

See “RATING” herein.

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 for tax years beginning after December 31, 2022, 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 Notes will be designated by the District as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code.

**WAINSCOTT COMMON SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK**

\$1,000,000*

**TAX ANTICIPATION NOTES FOR 2023-2024 TAXES
(the “Notes”)**

Date of Issue: November 9, 2023

Maturity Date: June 21, 2024

The Notes are general obligations of the Wainscott Common School District (the “District”) in the County of Suffolk, New York, 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 are dated their Date of Issue and bear interest from that date until the Maturity Date, at the annual rate(s) as specified by the purchaser(s) of the Notes. 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, the Notes will (i) registered in the name of the successful bidder(s) or (ii) registered in the name of Cede & Co., as the partnership nominee for The Depository Trust Company (“DTC”), as book-entry notes.

If the Notes are issued registered in the name of the successful bidder, 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 bidder(s).

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 “*Book-Entry-Only System*” herein).

Capital Markets Advisors, LLC has served a Municipal Advisor to the District in connection with the issuance of the Notes.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the offices of DTC on the Date of Issue stated above.

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

Dated: October __, 2023

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances 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 the registration or qualification under the securities laws of such jurisdiction.

**WAINSCOTT COMMON SCHOOL DISTRICT
SUFFOLK COUNTY, NEW YORK**

**2023-24
Board of Trustees**

David EaganPresident
Kelly Anderson..... Trustee
William Babinski..... Trustee

Deborah Haab..... Superintendent of Schools
Wendy Duffy Business Manager
Norma R. BushmanDistrict Clerk

BOND COUNSEL

**HAWKINS DELAFIELD & WOOD LLP
New York, New York**

MUNICIPAL ADVISOR



**CAPITAL MARKETS ADVISORS, LLC
Great Neck, New York
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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 shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the 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 hereon.

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OFFICIAL STATEMENT

WAINSCOTT COMMON SCHOOL DISTRICT SUFFOLK COUNTY, NEW YORK

Relating To

\$1,000,000* TAX ANTICIPATION NOTES FOR 2023-2024 TAXES

This Official Statement, including the cover page and appendices hereto, presents certain information relating to the Waincott Common School District in the County of Suffolk, State of New York (the "District," "County" and "State," respectively) in connection with the sale of \$1,000,000* Tax Anticipation Notes for 2023-2024 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.

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 the Notes. Paying agent fees, if any, will be paid by the purchaser(s). The District's contact information is Ms. Wendy Duffy, Business Manager, telephone number (631) 537-1080, wduffy@waincottschool.org.

Authority for and Purpose of the 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 2023-2024 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 were or are to be levied, as specified in the 2023-2024 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 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 2023-2024 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.

The Notes are not being issued in anticipation of the receipt of the \$1 million supplemental 2022-2023 property tax levy approved by voters of the District on May 16, 2023, to be collected in the 2023-2024 fiscal year. Such supplemental levy is not available to be used to repay the Notes. See "Additional Supplemental Property Tax Levy" herein.

* Preliminary, subject to change.

Nature of Obligation

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

The Notes are 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 and interest 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 imposed by the Tax Levy Limit Law. (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 therefore. However, Chapter 97 of the New York Laws of 2011 as amended (the “Tax Levy Limit Law”), imposes a limitation on the power of local governments and school districts, including the District, to increase their annual tax levy. 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 owners 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.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.

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.

SECTION 99-B OF THE STATE FINANCE LAW

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.

DESCRIPTION OF BOOK-ENTRY SYSTEM

In the event the Notes are issued in book-entry form, the Depository Trust Company ("DTC"), Jersey City, New Jersey, will act as securities depository for the Notes. 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 which bears the same rate of interest and CUSIP number, in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of 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, bond 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, bond 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

RISK FACTORS

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

The 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. Accordingly, a decline in the District's credit rating could adversely affect the market value of the Notes.

In addition, if and when a holder of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any Notes. The price or principal value of the Notes is dependent on the prevailing level of interest rates. If interest rates should increase, the price of a bond or note may decline causing the bond or noteholder to potentially incur a capital loss if such bond or note is sold prior to its maturity.

The financial condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State, including, for example, the seeking by a municipality 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. If a significant default or other financial crisis should occur in the affairs of the State or at any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

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. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. 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 impact to the State's economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. 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 "*Events Affecting New York School Districts*" herein).

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.

Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

CYBERSECURITY

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

LITIGATION

In common with other school districts, the District from time to time receives notices of claim and is party to litigation. Except as otherwise set forth herein and apart from matters provided for by applicable insurance coverage, the attorneys for the District are unaware of any claims or action pending which, if determined against the District, would have an adverse material effect on the financial condition of the District.

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 covenants 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 for tax years beginning after December 31, 2022, 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 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 this opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond

Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the 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 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 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, may 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) and 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 are subject to the approving legal opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. The opinion of Bond Counsel will be in substantially the form attached hereto in Appendix D.

DISCLOSURE UNDERTAKING

In order to assist the purchaser(s) 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”) with respect to the Notes, the District will execute an Undertaking to Provide Notices of Events, the form of which is attached hereto as Appendix E.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC, Great Neck and New York, New York, (the “Municipal Advisor”) is an independent municipal advisor registered with the United States Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor has served as the independent municipal advisor to the District in connection with this transaction.

In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement. The Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the District to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is not a law firm and does not provide legal advice with respect to this or any debt offerings of the District. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Notes.

RATING

The District did not apply to Moody's Investors Service (“Moody’s”) for a rating on the Notes.

The District has no outstanding debt and has no underlying rating with any rating agency.

Such rating reflects only the view of such organization, and an explanation of the significance of such rating may be obtained only from such rating agency, at the following address: Moody’s Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. There can be no assurance that such rating will continue for any specified period of time or that such rating will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of such bonds or the availability of a secondary market for those bonds.

ADDITIONAL INFORMATION

Periodic public reports relating to the financial condition of the District, its operations and the balances, receipts and disbursements of the various funds of the District are available for the public inspection at the business office of the District.

Additional information may be obtained from the District's Business Manager, Ms. Wendy Duffy, (631) 537-1080, or from the District's Financial Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York, 11021, (516) 487-9817.

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

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at www.capmark.org. 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. Capital Markets Advisors, LLC 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 Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC 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. Capital Markets Advisors, LLC and the District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

Estimates and Forecasts. The statements contained in this Official Statement and the appendices hereto that are not purely historical are forward-looking statements. Such forward-looking statements can be identified, in some cases, by terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “illustrate,” “example,” and “continue,” or the singular, plural, negative or other derivations of these or other comparable terms. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to such parties on the date of this Official Statement, and the District assumes no obligation to update any such forward-looking statements. The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement and such variations may be material.

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

WAINSCOTT COMMON SCHOOL DISTRICT

By: _____
David Eagan
President of the Board of Trustees

DATED: October __, 2023

APPENDIX A

THE DISTRICT

THE DISTRICT

General Information

The Wainscott Common School District (the “District”) was formed in the late 1880’s. The District is located in the southwestern corner of the Town of East Hampton (the “Town”) on the east end of Long Island in Suffolk County (the “County”), New York, approximately 95 miles east of New York City. The District is located in summer resort area and many homes located in the District are vacation homes for individuals residing outside the District. The District has a year round population at 647, as of the year 2019, and a land area of approximately 6.8 square miles. The District includes the unincorporated hamlet of Wainscott. The District presently operates one elementary school, which historically served grades 1 through 3. Kindergarten and grades 4 through 12 students attend either the East Hampton, Sag Harbor or Bridgehampton School Districts. For the 2023-2024 school year, the District is serving grades K through 4 as a way to reduce tuition payments made to the receiving districts referenced above.

The Town is one of the ten townships in the County and is the easternmost township on Long Island. It encompasses a land area of approximately seventy square miles on Long Island’s south fork and has almost seventy miles of waterfront on three sides. The Town is bordered by the Town of Southampton to the west, the Atlantic Ocean to the east and south and Gardiners Bay to the north. The Town provides many artistic, cultural and historic points of interest including the Lighthouse, the Pollock-Krasner House and Study Center, the Second House Museum, Old Hook Mill, Deep Hollow Ranch (the oldest cattle ranch in America), and Guild Hall, home of the John Drew Theater. The Atlantic Ocean beaches, various bays, harbors and scenic open space remain the Town's prime attractions, providing swimming, boating, fishing, hiking and bicycling for summer visitors and year-round residents alike.

District Organization

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, other laws generally applicable to the District, and any special laws applicable to the District. Under such laws, there is no authority for the District to have a charter or adopt local laws.

The legislative power of the District is vested in the Board of Trustees (the “Board”). Under current law, an election is held within the District boundaries on the third Tuesday of May each year to elect members of the Board. Trustees are generally elected for a term of three years.

In early July of each year, the Board meets for the purpose of reorganization. At that time, the Board elects a President, and appoints a District Clerk and Business Manager.

Financial Organization

Pursuant to the Local Finance Law, the Chairperson of the Board is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools and the Business Manager.

Financial Statements and Accounting Procedures

The financial accounts of the District are maintained in accordance with the New York State Uniform System of Accounting for School Districts. As a Common School District, the District is not required to have an annual audit by independent auditors; however, the District’s annual state filings, the ST3 (“Annual Update Document”), for the last five years are summarized in Appendix B and available for inspection upon request to the District.

Budgetary Procedure

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 central office staff. During the winter and early spring the budget is developed and refined in conjunction with the Superintendent and Business Manager. Under current law, the budget is

submitted to voter referendum on the third Tuesday of May each year. On May 17, 2022, the voters of the District approved the 2022-2023 fiscal year budget. On May 16, 2023, the voters of the District rejected the proposed 2023-2024 fiscal year budget. On June 20, 2023, the voters of the District rejected the revised 2023-2024 fiscal year budget. Following the rejection of the revised budget by the voters of the District, the Board of Trustees of the District adopted a contingency budget for the 2023-2024 fiscal year. Pursuant to law, a contingency budget shall not result in a tax levy that is greater than the tax levy for the prior fiscal year. In a contingency budget, a school district may only fund teachers' salaries and those items the board determines to be "ordinary contingent expenses." Ordinary contingent expenses have been defined under law to include legal obligations; expenditures specifically authorized by statute; and other items necessary to maintain the educational program, preserve property and ensure the health and safety of the students and staff. Summaries of the District's Adopted and Contingency Budgets for the past two fiscal years may be found in Appendix B, herein.

School Enrollment Trends

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

<u>School Enrollment Trends</u>					
<u>Fiscal Year Ended June 30:</u>	<u>In-District Enrollment</u>	<u>Tuition Enrollment</u>	<u>Fiscal Year Ended June 30:</u>	<u>Projected In-District Enrollment</u>	<u>Projected Tuition Enrollment</u>
2020	28	54	2025	22	75
2021	26	72	2026	23	73
2022	28	77	2027	23	72
2023	28	92	2028	22	70
2024	23	75	2029	22	68

Source: District records and estimates.

District Facilities

Wainscott Common School District is home of one of two one-room, public Elementary Schools operating in New York State. The District operates one elementary school serving grades 1 through 3⁽¹⁾.

<u>School Statistics</u>			
<u>Name</u>	<u>Capacity</u>	<u>Year of Construction</u>	<u>Grades</u>
AVX Building Wainscott Elementary School	75	2009	1-3 ⁽¹⁾

(1) For the 2023-2024 school year, the District is serving grades K through 4. (See "General Information" herein.)
Source: Wainscott Common School District, Business office.

Employees

The District provides services through approximately 5 full-time and 10 part-time employees, none of whom are represented by a labor union.

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. All members of the respective systems hired on or after July 1, 1976 contribute

a portion of their gross annual salary toward the cost of retirement programs. In the case of Tier 5 and Tier 6 employees, there is no provision for these employee contributions to cease after a certain period of service.

All employees hired after April 1, 2012 are eligible to become members of the Tier 6 pension tier. Tier 6 has progressive employee contribution rates between 3% and 6% and such employee contributions continue so long as the employee continues to accumulate pension credits; the retirement age for such employees is 63 and includes provisions allowing early retirement with penalties. Under Tier 6, the pension multiplier is 1.75% for the first 20 years of service and 2% thereafter; vesting occurs after 5 years; the time period for calculation of final average salary is five years; and the amount of overtime to be used to determine an employee's pension is capped at \$15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. Tier 6 also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of \$75,000 or more.

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.

Legislation has been enacted from time to time that authorizes school districts to amortize or defer 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. As of the date of this Official Statement, the District has not established such a fund.

Other Post Employment Benefits

As a Common School District, the District is not required to have an annual audit prepared by independent auditors and does not account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits, known as other post-employment benefits ("OPEB").

Investment Policy Permitted Investments

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the District is generally permitted to deposit moneys in banks and trust company 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; (5) certificates of participation issued 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 instruments and investments are required to be payable or redeemable at the option of the District 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 instruments and investments purchased with the proceeds of securities, shall be payable or redeemable in any event, at the option of the District, 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 in Section 10 of the GML.

The Board of Education 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.

FINANCIAL FACTORS

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A Statement of Revenues and Expenditures for the five-year period ending June 30, 2022 is contained in Appendix B. As reflected in Appendix B, the District derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed on a pay-as-you-go basis.

Real Property Taxes

The District derives the major portion of its revenues from a tax on real property (See “*Statement of Revenues, Expenditures and Changes in Fund Balance-General Fund*” in Appendix B, herein). Chapter 97 of the New York Laws of 2011, as amended, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the District. (See “*The Tax Levy Limit Law*” herein). Property taxes accounted for 86.44% of total General Fund revenues for the fiscal year ended June 30, 2023, while State aid accounted for 13.15%.

The following table sets forth total general fund revenues and real property tax revenues during the last five fiscal years and the amount budgeted for the current fiscal year.

<u>Fiscal Year</u>	<u>Property Taxes</u>		
	Total Revenues ⁽¹⁾	Real Property Taxes ⁽²⁾	Real Property Taxes to Revenues
2019	\$2,389,428	\$2,253,889	94.33%
2020	2,721,430	2,666,634	97.99
2021	3,468,476	3,010,151	86.79
2022	3,452,328	3,071,656	88.97
2023	3,946,535	3,411,468	86.44
2024 (Contingency Budget)	4,846,118	4,394,568 ⁽³⁾	90.68

(1) General Fund only.

(2) Inclusive of PILOTs and Other Real Property Tax Items, which represents STAR tax payments made to the District by the State. (See “*STAR – School Tax Exemption*” herein).

(3) Inclusive of the \$1,000,000 supplemental tax levy for 2022-2023 approved by voters of the District (See “*Additional Supplemental Property Tax Levy*” herein.)

Source: District Officials and Contingency Budget of the District. This summary is not audited.

State Aid

The District receives appropriations from the State 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. 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 School Districts can be paid only if the State has such monies available for such payment.

The following table sets forth total general fund revenues and State aid revenues during the last five fiscal years and the amount budgeted for the current fiscal year.

<u>State Aid</u>			
<u>Fiscal Year</u> <u>Ended June 30:</u>	<u>Total</u> <u>Revenues ⁽¹⁾</u>	<u>State Aid</u>	<u>State Aid</u> <u>to Revenues</u>
2019	\$2,389,428	\$31,879	1.33%
2020	2,721,430	24,547	0.90
2021	3,468,476	22,626	0.65
2022	3,452,328	22,015	0.64
2023	3,946,535	93,847	2.38
2024 (Contingency Budget)	4,846,118	150,400	3.10

(1) General Fund only.

Source: District Officials and Contingency Budget of the District. This summary is not audited.

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 amount of State aid to school districts is dependent in part upon the financial condition of the State. Due to the outbreak of COVID-19 the State initially declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for an extended period. The use of federal stimulus funds has allowed the State to avoid gap closing measures; however, the State may be required to implement gap closing measures in the future in response to the impact that the COVID-19 pandemic has had on the State’s finances. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

The State’s 2023-24 Enacted Budget provides \$34.5 billion in State funding to school districts for the 2023-24 school year the highest level of State aid ever. This represents a year-to-year funding increase of \$3.1 billion or 10.00%. and includes \$24.1 billion of Foundation Aid which increased 12.8% from 2022-23. The 2023-24 school A-7 year increase in Foundation Aid is to complete the three-year phase-in of full funding of the current Foundation Aid formula.

The State’s 2023-24 Enacted Budget also increases the State’s annual investment in prekindergarten to \$1.2 billion, an increase of \$125 million, or 9.09%. The Budget also includes a total of \$20 million in grant funding to support the establishment of new early college high school programs.

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 adoption of the State budget, which is due at the start of the State’s fiscal year of April 1. The State’s budget has been adopted by April 1 or shortly thereafter for over ten (10) years. The State’s 2023-24 Enacted Budget was adopted on May 2, 2023, which was later than in most recent years. 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.

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, the COVID-19 pandemic, 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. 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 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.

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.

COVID-19 Stimulus and Uses

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021. Included in this bill was \$350 billion in direct aid to state and local governments. Payments to local governments will be made in two tranches, the first half 60 days after enactment and the second half one year later. The funding is available through, and must be spent by, the end of calendar year 2026.

Specifically, eligible uses of the aid include: (i) revenue replacement for the provision of government services to the extent the reduction in revenue is due to the COVID-19 public health emergency relative to revenues collected in the most recent fiscal year prior to the emergency; (ii) premium pay for essential workers; (iii) assistance to small businesses, households, and hard-hit industries, and economic recovery; and (iv) investments in water, sewer and broadband infrastructure. The bill also contains two restrictions on eligible uses: (i) funds cannot be used to directly or indirectly offset tax reductions or delay a tax increase; and (ii) funds cannot be deposited into any pension fund.

The District received approximately \$227,975 in CARES Act funds that offset learning gaps. The District is allocated approximately \$512,371 in additional Federal stimulus funding between the American Rescue Plan Act ("ARP") and the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSA") to address lost learning, healthy environment, social and emotional learning. The District is finalizing documentation to submit for reimbursement.

Events Affecting New York School Districts

School district fiscal year (2019-2020): For the 2019-20 school year, the State's Enacted Budget included a total of \$27.9 billion for School Aid, a year-to-year funding increase of approximately \$1.2 billion. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education continued in full, as is the State's usual practice. Transportation aid increased by approximately 4.5% and building aid increased by approximately 3.7%. The State 2019-2020 Enacted Budget continued to link school aid increases for 2019-2020 and 2020-2021 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

School district fiscal year (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7 percent lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was expected to total \$27.9 billion, an annual increase of approximately \$100 million or 0.4 percent. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid was continued under existing aid formulas. Out-year growth in School Aid reflected current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues came in below 99% percent of estimates or if actual disbursements exceeded 101% of estimates. See "*State Aid*" herein for a discussion of this provision set forth in the State's 2020-2021 Enacted Budget.

School district fiscal year (2021-2022): For the 2021-2022 school year, the State's Enacted budget provided \$29.5 billion in State funding to school districts for the 2021-2022 school year through School Aid, the highest level of State aid ever, supporting the operational costs of school districts that educate 2.5 million students statewide. This investment represented an increase of 11.3% (\$3.0 billion) compared to the 2020-2021 school year, including a \$1.4 billion (7.6%) Foundation Aid increase. The Enacted budget allocated \$13 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, helped schools safely 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 Budget allocated \$629 million of these funds to school districts as targeted grants to support efforts to address learning loss through activities such as summer enrichment and comprehensive after-school programs. In addition, the Budget used \$105 million of federal funds to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2021-2022 school year.

School district fiscal year (2022-2023): For the 2022-2023 school year, the State's Enacted provided \$31.3 billion in State funding to school districts for the 2022-23 school year the highest level of State aid ever. This represented a year-to-year funding increase of \$2.1 billion or 7.07% and included \$21.4 billion of Foundation Aid which increased 8.1% from 2021-22. The 2022-23 school year increase in Foundation Aid primarily reflected the second year of the three-year phase-in of full funding of the current Foundation Aid formula. The Enacted Budget also increased the State's annual investment in prekindergarten to \$1.1 billion, an increase of \$125 million, or 13%. The Budget also included a total of \$100 million of matching funds over two years to be provided to school districts and BOCES with the highest needs to address student wellbeing and learning loss in response to the trauma brought about by the COVID-19 pandemic. This included support for extended school day or school year programs, afterschool programs, mental health professionals and other locally determined initiatives.

School district fiscal year (2023-2024): For the 2023-2024 school year, the Enacted Budget provides \$34.5 billion in State funding to school districts for the 2023-24 school year the highest level of State aid ever. This represents a year-to-year funding increase of \$3.1 billion or 10.00%. and includes \$24.1 billion of Foundation Aid which increased 12.8% from 2022-23. The 2022-23 school year increase in Foundation Aid is to complete the three-year phase-in of full funding of the current Foundation Aid formula. The Enacted Budget also increases the State's annual investment in prekindergarten to \$1.2 billion, an increase of \$125 million, or 9.09%. The Budget also includes a total of \$20 million in grant funding to support the establishment of new early college high school programs.

The District cannot predict at this time whether there will be any reductions in and/or delays in the receipt of State aid during the remainder of the current fiscal year or in future fiscal years. However, the District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing. (See also "*Risk Factors*" herein).

Recent Operating Results

The District is presently experiencing significant financial challenges attributable to the following:

- Expenses exceeding revenues for the 2019 through 2022 fiscal years, resulting in operating deficits requiring the use of fund balance to cover expenses.
- Over-reliance on appropriated fund balance to balance the District's annual budget, resulting in a reduction in total fund balance from \$3.156 million for the fiscal year ended June 30, 2017 to \$1.186 million for the fiscal year ended June 30, 2022. The fund balance as of June 30, 2023 is in the process of being finalized, due to outstanding invoices attributable to such fiscal year, the application of the \$1 million supplemental tax levy (see "*Additional Supplemental Property Tax Levy*" herein), and unbilled revenue to be due to the District from other districts for services provided at the Ross School.
- A 22% increase in enrollment following the COVID-19 pandemic resulting in a substantial increase in tuition expenses of the District as such new students attend East Hampton, Bridgehampton or Sag Harbor School Districts on a tuition basis.
- Significant increases in special education and transportation expenses associated with newly enrolled students, particularly during the 2022-2023 fiscal year of the District.
- Rejection of the District's proposed and revised 2023-2024 budgets on May 16, 2023 and June 20, 2023, resulting in the District operating on a contingency budget for the current fiscal year. While operating on a contingency budget, the District is not authorized to increase the tax levy above the tax levy for the previous year. This has limited the District's ability to raise sufficient revenue to meet expenditures.
- Turnover and/or transition in the business office of the District.

The over-reliance on fund balance, together with increases in enrollment have created a structural imbalance in the District's budget and significant financial challenges for the District. The District has taken and expects to continue to take certain steps to address its fiscal challenges. These steps include:

- Submission of a proposition to the voters on May 16, 2023 imposing a supplemental \$1 million tax levy. See "*Additional Supplemental Property Tax Levy*" herein.
- Reduction in expenses, including bringing back students in grades Kindergarten and Fourth grade to the Wainscott Elementary School.

The following are brief summaries of the District's operating results for the last several fiscal years and the 2023-24 contingency budget.

2019 Results. For the fiscal year ended June 30, 2019, based on the District ST3 filings, General Fund revenues and other sources were approximately \$2.39 million and General Fund Expenditures and other uses were approximately \$3.30 million, which resulted in an operating deficit of \$915,466 and a cumulative General Fund balance of \$1,931,192.

2020 Results. For the fiscal year ended June 30, 2020, based on the District ST3 filings, General Fund revenues and other sources were approximately \$2.72 million and General Fund Expenditures and other uses were approximately \$2.86 million, which resulted in an operating deficit of \$136,933 and a cumulative General Fund balance of \$1,794,259.

2021 Results. For the fiscal year ended June 30, 2021, based on the District ST3 filings, General Fund revenues and other sources were approximately \$3.47 million and General Fund Expenditures and other uses were approximately \$3.44 million, which resulted in an operating surplus of \$26,618 and a cumulative General Fund balance of \$1,820,877.

2022 Results. For the fiscal year ended June 30, 2022, based on District data, General Fund revenues and other sources were approximately \$3.45 million and General Fund Expenditures and other uses were approximately \$4.09 million, which resulted in an operating deficit of \$634,340 and a cumulative General Fund balance of \$1,186,537.

2023 Results. For the fiscal year ended June 30, 2023, based on District data, General Fund revenues and other sources were approximately \$3.95 million and General Fund Expenditures and other uses were approximately \$3.38 million, which resulted in an operating surplus of \$568,896 and a cumulative General Fund balance of \$1,755,432. However, it should be noted that in the 2023 fiscal year, the District held back approximately \$1.5 million in tuition and transportation payments which if paid in the 2023 fiscal year, would have resulted in an operating deficit and a further reduction in fund balance of approximately \$1 million.

The 2022 and 2023 results are based upon District data that is subject to change pending the completion of the ST3 filings for such years.

2024 Contingency Budget. For the fiscal year ending June 30, 2024, budgeted General Fund Revenues are \$4.85 million and General Fund Expenditures and other uses are \$4.85 million. (See “Appendix B” herein for a summary of the 2024 Contingency Budget.)

General Fund Operations

Appendix B sets forth the General Fund operations for the last five fiscal years which are derived from the District’s General Purpose Financial Statements on file in the Superintendent’s office.

Independent Audits

As a Common District, the District is not required to maintain audited financial statements and therefore does not currently retain an independent accounting firm. However, the District is required to file Annual Update Documents with the State each year, summaries of which can be found herein Appendix B to this Official Statement, covering the last five fiscal years. In addition, the District is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State. (See “*The State Comptroller’s Fiscal Stress Monitoring System and Compliance Reviews*” herein.)

Other Revenues

In addition to property taxes and State Aid, the District receives other revenues from miscellaneous sources as shown in Appendix B.

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

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

The most current applicable report of the State Comptroller designates the District as “Not Filed” with a Fiscal Score of 0.0% and an Environmental score of 0.0%, however, one year prior the District had a Fiscal Score of 13.3%. The District’s current report is designated as “Not Filed” since it has not yet filed its 2022 ST3 report. Due to

staffing changes, the District was delayed in filing such report but expects to file such reports once they are completed. The District is also working on completing and filing its 2023 ST3 report.

The financial affairs of the District are subject to periodic compliance reviews by OSC to ascertain whether the District has complied with the requirements of various State and federal statutes. The last audit conducted by OSC was released on June 7, 2019. The purpose of the audit was to determine whether the Board of Education adequately audited claims before payment and ensured that each was approved, for appropriate purposes and adequately supported. The audit found that while all the audited claims paid appear to be for actual and necessary District expenditures, OSC found no evidence that the Board audited the claims before payment. The full audit can be found here: <https://www.osc.state.ny.us/local-government/audits/school-district/2019/06/07/wainscott-common-school-district-claims-auditing-2018m-240>.

OSC conducted an audit that was released on March 29, 2019. The purpose of the audit was to determine whether the Board and District Officials effectively managed the District's financial condition. The audit found that District officials need to improve budgeting practices to effectively manage the District's financial condition. The full audit can be found here: <https://www.osc.state.ny.us/local-government/audits/school-district/2019/03/29/wainscott-common-school-district-financial-condition-2018m-237>.

References to websites and/or website addresses presented herein are for informational purposes only and implies no warranty of accuracy of information therein. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

TAX INFORMATION

Tax Limit

The Constitution does not limit the amount that may be raised by the District-wide tax levy on real estate in any fiscal year. (See, however, “*Tax Levy Limit Law*” herein).

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 could either have presented a revised budget for voter approval or adopted 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”).

The Tax Levy Limit Law imposes 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, 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 increase in excess of the limit. In the event the voters reject the budget, or a subsequent resubmitted budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy the prior fiscal 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. However, such 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 “*Nature of Obligation*” herein).

Tax Collection Procedure

In the County, property taxes for the school districts, together with town and county taxes are collected by the town tax receivers. Such taxes are due and payable in equal installments on December 1 and May 10, but may be paid without penalty by January 10 and May 31, respectively. Penalties on unpaid taxes are 1% per month from the date such taxes are due and payable and 10% after May 31.

The school districts receive their full levies before the end of their fiscal years. Uncollected amounts are not segregated by town tax receiver, and any deficiency in tax collection is the County's liability.

Additional Supplemental Property Tax Levy

During the 2022-2023 school year, the District was faced with incurring unexpected ordinary contingent expenses which were not contemplated by the budget approved in May 2022 which, as more fully explained herein, was primarily the result of high-cost tuition students moving into the District. In furtherance of the District's authority to increase the budget for unforeseen contingencies which arose after a budget for the school year had been adopted, the District sought the approval of the voters at its May 16, 2023 annual meeting by submitting a proposition to the voters to increase the annual budget for the 2022-2023 fiscal year by an amount not to exceed \$1,000,000 in order to provide for unforeseen ordinary contingent expenses which arose after the 2022-2023 budget had been adopted, and to authorize the requisite portion thereof to be raised by taxation on the taxable property of the District during the 2023-2024 fiscal year. The voter proposition was approved by a supermajority approval of voters. While these additional funds are being levied during the 2023-2024 fiscal year, as noted herein, the Notes are not being issued in anticipation of this supplemental property tax levy and such levy is not available to be used to repay the Notes.

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Real Property Tax Assessment and Rates

The following is the Real Property Tax Assessment and Rates for the last five fiscal years ending June 30:

Real Property Tax Assessment and Rates

Town of East Hampton

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assessed Value	\$15,098,898	\$15,166,367	\$15,274,912	\$15,404,042	\$15,494,007
Equalization Rate	0.56%	0.58%	0.58%	0.45%	0.37%
Full Value	2,696,231,786	2,614,890,862	2,633,680,517	3,423,120,444	4,187,569,459
Tax Levy	2,446,039	2,772,133	2,827,019	3,126,455	4,105,984
Tax Rate ⁽¹⁾	163.33	182.78	185.08	202.96	265.00

Town of Southampton

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assessed Value	\$217,151,400	\$218,083,500	\$222,500,000	\$231,907,250	\$232,511,200
Equalization Rate	100.00%	100.00%	100.00%	79.00%	79.00%
Full Value	217,151,400	218,083,500	222,500,000	293,553,481	294,317,975
Tax Levy	198,612	231,198	238,841	268,113	288,584
Tax Rate ⁽¹⁾	9.15	1.06	1.07	1.16	1.24
Total Assessed Value	\$232,250,298	\$233,249,867	\$237,774,912	\$247,311,392	\$248,005,207
Total Levy	2,664,651	3,003,331	3,065,860	3,394,568	4,394,568 ⁽²⁾
Total Full Value	2,913,383,186	2,832,974,362	2,856,105,517	3,716,673,925	4,481,887,434

(1) Per \$1,000 Assessed Value.

(2) The District's 2023-2024 tax levy is \$4,394,568, which includes the additional supplemental tax levy of \$1,000,000 for 2022-2023 approved by voters of the District. See "Additional Supplementary Property Tax Levy" herein.

Source: Office of the State Comptroller, Bureau of Municipal Research and Wainscott Schools, Office of the School Business Manager.

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 \$65,300 for the 2016-17 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 New York 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 2019-2020 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 0.29% of the District's 2022-2023 school tax levy was exempted by the STAR program and the District has received full reimbursement of such exempt taxes from the State. Approximately 0.29% of the District's 2023-2024 school tax levy is expected to be exempted by the STAR program and the District expects to receive full reimbursement of such exempt taxes from the State in January 2024. (See "State Aid" herein.)

Ten of the Largest Taxpayers in the Town of East Hampton

The following table presents the taxable assessments of ten of the District's largest taxpayers in the Town of East Hampton for the 2023 fiscal year.

<u>Taxable Assessments</u>		
<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Value</u>
TOBH Properties, LLC	\$263,200	1.71%
Creeks Acquisition Corp	252,325	1.64
My Wife Realty Likes It, LLC	155,000	1.00
Ronald S. Lauder	151,150	0.98
Floken, Inc.	150,450	0.98
Anne G. Gleacher	126,050	0.82
Mast One, LLC	115,150	0.75
15 Burnt Point, LLC	87,500	0.57
Harvey Silverman	77,550	0.50
Georgica 1, LLC	<u>77,250</u>	<u>0.50</u>
Totals	<u>\$1,455,625</u>	<u>9.45%</u>

(1) The District's assessed value in the Town of East Hampton for the 2023 fiscal year is \$15,404,042.

Source: East Hampton Town Assessor's Office.

Ten of the Largest Taxpayers in the Town of Southampton

The following table presents the taxable assessments of ten of the District's largest taxpayers in the Town of Southampton for the 2023 fiscal year.

<u>Taxable Assessments</u>		
<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Value</u>
HLP LLC	\$ 21,454,600	9.25%
BSG Magic Way LLC	16,119,100	6.95
603 Town Line Road, LLC	11,517,300	4.97
Ira D. Kleinman	10,163,000	4.38
342 Town Line Road LLC	8,376,100	3.61
Gans Family Company, LLC	7,975,400	3.44
Koch 2012 Family Trust	7,778,900	3.36
The Ixao Li Tan 2010 Trust	7,514,600	3.24
Herbert Kunstadt	7,218,000	3.11
Dorothy Kunstadt	<u>7,207,700</u>	<u>3.11</u>
Totals	<u>\$105,324,700</u>	<u>45.42%</u>

(1) The District's assessed value in the Town of Southampton for the 2023 fiscal year is \$231,907,250.

Source: Southampton Town Assessor's Office.

DISTRICT INDEBTEDNESS

Constitutional and Statutory Requirements

The New York State Constitution limits the power of the District (and other municipalities and school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional and statutory limitations include the following, in summary form, and are generally applicable to the 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 or to be paid in one of the two fiscal year 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 periods of probable usefulness of the objects or purposes determined by statute or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the 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 enactment of the Local Finance Law, authorized the power and procedure for the District to borrow and incur indebtedness subject, of course, to the constitutional and provisions set forth above. The power to spend money, however, generally derives from other law, including the 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 principal 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 District purpose authorized by the Legislature of the State of New York provided the aggregate amount thereof shall not exceed ten per centum of the full valuation of taxable real estate of the District and subject to certain enumerated exclusions and deductions such as State aid for building purposes. The constitutional and statutory method for determining full valuation consists of 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 State Legislature is required to prescribe the manner by which such ratio shall be determined by such authority.

Statutory Debt Limit and Net Indebtedness

The debt limit of the District is \$371,667,392 as of October 20, 2023. This is calculated by taking 10% of the current full value of the District.

The District does not currently have any outstanding debt.

Tax Anticipation Notes

The District does not have any outstanding tax anticipation notes.

The District has not issued tax anticipation notes in the past but recent operating deficits, reductions in fund balance and operating on a contingency budget for the 2023-2024 fiscal year, have caused a reduction in the District’s available cash necessitating the issuance of the Notes. It is expected that the District will continue to issue tax anticipation notes for the foreseeable future.

Revenue Anticipation Notes

The District does not have any outstanding revenue anticipation notes.

Bond Anticipation Notes

The District does not have any outstanding bond anticipation notes.

Trend of Outstanding Indebtedness

The following table provides information relating to direct capital indebtedness outstanding for each of the last five fiscal years ending June 30:

<u>Direct Capital Indebtedness Outstanding⁽¹⁾</u>					
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bond Anticipation Notes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Bonds	<u>345,000</u>	<u>235,000</u>	<u>120,000</u>	<u>0</u>	<u>0</u>
Totals	<u>\$345,000</u>	<u>\$235,000</u>	<u>\$120,000</u>	<u>\$ 0</u>	<u>\$ 0</u>

(1) Unaudited.

Source: District Officials. This summary is not audited.

Overlapping and Underlying Debt

In addition to the District, other political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District. The real property taxpayers of the District are responsible for a proportionate share of outstanding debt obligations of these subdivisions. Such taxpayers' share of overlapping and underlying debt is based on the amount of the District's equalized property values taken as a percentage of each separate unit's total values. The following table presents the amount of overlapping and underlying debt and the District's share of this debt. Authorized but unissued debt has not been included.

<u>Statement of Direct and Overlapping Indebtedness</u>				
<u>Issuer</u>	<u>Net Debt Outstanding</u>	<u>As of</u>	<u>District Share</u>	<u>Amount Applicable to District</u>
County of Suffolk	\$1,206,752,763	8/11/22	0.57%	\$ 6,878,491
Town of East Hampton	88,570,057	7/31/22	7.10	6,288,474
Bridgehampton Fire District	1,775,000	12/31/21	25.00	<u>443,750</u>
Total Net Overlapping Debt				\$13,610,715
Total Net Direct Debt				<u>0</u>
Net Direct and Overlapping Debt				<u>\$13,610,715</u>

Source: Data provided by County and Town officials.

Debt Ratios

The following table presents certain debt ratios relating to the District's direct and overlapping indebtedness.

	<u>Amount</u>	<u>Debt Per Capita⁽¹⁾</u>	<u>Debt to Full Value⁽²⁾</u>
Net Direct Debt	\$ 0	\$ 0	0.00%
Net Direct and Overlapping Debt	13,610,715	21,037	0.37

(1) The population of the District is estimated by District officials to be approximately 647.

(2) The District's full value of taxable real property for fiscal year 2022-2023 is \$3,716,673,925.

Debt Service Schedule

The District does not have any outstanding long term indebtedness.

Leases

The District does not have any outstanding leases.

Authorized and Unissued Debt

The District has no authorized and unissued capital indebtedness.

ECONOMIC AND DEMOGRAPHIC DATA

Population

The District estimates its population to be approximately 647. The following table presents population trends for the Towns, County and State, based upon recent census data. Data provided below is not necessarily representative of the District.

	<u>Population Trend</u>			<u>Percentage Change 2010/2020</u>
	<u>2000</u>	<u>2010</u>	<u>2020</u>	
Town of East Hampton	19,719	21,457	28,385	32.29%
Town of Southampton	54,712	56,790	69,036	21.56
County of Suffolk	1,419,369	1,493,350	1,525,920	2.18
State of New York	18,976,457	19,378,102	20,201,249	4.25

Source: US Census Bureau.

Income

The following table presents per capita and median family income for the Towns, County and State. Data provided below is not necessarily representative of the District.

	<u>Per Capita Income</u>			
	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>Percentage Change</u> <u>2010/2020</u>
Town of East Hampton	\$31,300	\$51,823	\$69,212	33.55%
Town of Southampton	31,320	47,111	59,189	25.64
County	26,577	35,411	46,466	31.22
State	23,389	30,791	40,898	32.82

Source: U.S. Census Bureau.

Employment and Unemployment

The following tables provide information concerning employment and unemployment in the Town of Southampton, County and State. Data is not available for the Town of East Hampton as the Town has a population under 25,000. Data provided below is not necessarily representative of the District.

	<u>Civilian Labor Force</u>				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Town	30,200	30,500	29,700	30,000	30,700
County	793,700	798,400	783,500	785,300	800,800
State	9,826,100	9,854,000	9,580,800	9,557,900	9,617,000

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

Unemployment rates are not compiled for the District, but are available for the Town of Southampton, County and State. Data is not available for the Town of East Hampton as the Town has a population under 25,000. Data provided below is not necessarily representative of the District.

	<u>Yearly Average Unemployment Rates</u>			
<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>	
2018	4.3%	3.8%	4.1%	
2019	3.9	3.5	3.9	
2020	7.5	8.1	9.8	
2021	4.6	4.6	7.0	
2022	3.4	3.1	4.3	

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

Monthly Unemployment Rates

<u>Month</u>	<u>Town</u>	<u>County</u>	<u>State</u>
September 2022	2.5%	2.8%	3.6%
October	2.4	2.6	3.7
November	3.1	2.8	3.8
December	3.4	2.7	3.8
January 2023	5.0	3.7	4.6
February	5.0	3.5	4.5
March	4.2	3.1	4.0
April	2.8	2.4	3.7
May	2.8	2.8	3.8
June	2.7	2.9	4.2
July	2.6	3.1	4.1
August	2.9	3.5	4.4

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

Culture and Recreation

The Town provides many artistic, cultural, and historic points of interest including the Montauk Lighthouse, the Pollock-Krasner House and Study Center, the Second House Museum, Old Hook Mill, Deep Hollow Ranch (the oldest cattle ranch in America), and Guild Hall, home of the John Drew Theater. Historic preservation has been a mainstay for Town government officials over the years. The Town has adopted various codes that created historic district guidelines throughout the Town and special historic landmark guidelines. The East Hampton Historical Society serves the residents and visitors of the Town by collecting, preserving, presenting and interpreting the material, cultural and economic heritage of the Town and its surroundings.

The Atlantic Ocean beaches (often rated the best in the country), various bays, harbors and scenic open space remain the Town's prime attractions, providing swimming, boating, fishing, hiking and bicycling for summer visitors and year-round residents alike. In addition, there is a multitude of State and County parks, such as Shadmoor, Montauk Downs and Cedar Point for the public's enjoyment. Montauk is home to a world-renowned and robust commercial and sport fishing industry and is a crucial part of the Town's local economy.

Educational, Cultural and Medical Institutions

Colleges and universities in the area include State University of New York at Stony Brook, St. Joseph's College and Suffolk Community College.

There are numerous public libraries located throughout the Town, which sponsor various programs of general interest to adults and children throughout the year.

Hospital services are provided by numerous area hospitals including Stony Brook/Southampton Hospital in Southampton, Stony Brook University Hospital in Stony Brook, Stony Brook Eastern Long Island Hospital in Greenport and Northwell-Peconic Bay Medical Center in Riverhead. In addition, Stony Brook – Southampton Hospital is in the midst of constructing a new satellite emergency room facility located in the Town which will provide services to those located on the East End that do not require trauma or specialized treatment. It is anticipated the project will be completed in the summer of 2024.

Transportation

Montauk Highway (Route 27) is the main east-west highway that extends the length of the Town. State Route 114 runs north-south from the Village of East Hampton through Sag Harbor and North Haven and then continues by ferry to Shelter Island and, again by ferry to the north fork of Long Island at Greenport. An interior network of

Town and County roads serves the Town, as does the Long Island Railroad's Montauk Division with stations at East Hampton, Amagansett and Montauk.

East Hampton Airport comprises approximately 600 acres and has been operated, since its origin in 1938, solely by the Town. A wide range of aircraft types ranging from small single engine trainers to corporate jets use the airport. Out of town corporate aircraft frequent the airport with passengers for the convention and seminar facilities in the area as well as business and recreational uses. No major commercial service is available at the East Hampton facility; however, such service is available at MacArthur Airport approximately 55 miles west in the Town of Islip.

Utilities and Services

Water is made available to District residents from the Suffolk County Water Authority, while electric and gas services are available to District residents from PSEG Long Island and National Grid. Bridgehampton Fire District provides District residents with fire protection, while the Suffolk County Police Department and the Town of East Hampton Police provides police protection.

End of Appendix A

APPENDIX B

ST-3 FILING SUMMARIES

Wainscott Common School District
 Consolidated Statement of Budgeted Revenues and Expenses
 General Fund
 Fiscal Year Ending June 30:

	<u>2022-2023⁽¹⁾</u>	<u>2023-2024⁽²⁾</u>
Revenues		
Real Property Taxes	\$3,394,568	\$3,394,568
State Sources	553,000	439,400
Miscellaneous	30,000	12,000
Interest Income	0	150
Appropriation of Fund Balance	<u>150,000</u>	<u>1,000,000</u>
 Total Revenues	 <u><u>\$4,127,568</u></u>	 <u><u>\$4,846,118</u></u>
Expenditures		
General Support	\$406,409	\$459,943
Instruction	3,191,659	3,762,514
Pupil Transportation	299,500	333,661
Employee Benefits	230,000	290,000
Debt Service	<u>0</u>	<u>0</u>
 Total Expenditures	 <u><u>\$4,127,568</u></u>	 <u><u>\$4,846,118</u></u>

(1) The District's voters approved the budget on May 17, 2022.

(2) Following the rejection of the revised budget by the voters of the District, on July 11, 2023, the Board instituted a contingency budget for the 2023-2024 fiscal year.

Source: Adopted and Contingency Budgets of the District.

Wainscott Common School District
 Comparative Balance Sheet - General Fund
 Fiscal Years Ended June 30:

	<u>2022</u>	<u>2023⁽¹⁾⁽²⁾</u>
<u>Assets:</u>		
Unrestricted Cash	\$ 911,908	\$ 1,485,568
Restricted Cash	<u>300,652</u>	<u>300,739</u>
Total Assets:	<u>1,212,560</u>	<u>1,786,307</u>
<u>Liabilities and Fund Equity:</u>		
Accounts Payable	\$ -	\$ 1,475,073
Accrued Liabilities	<u>26,022</u>	<u>30,873</u>
Total Liabilities:	<u>26,022</u>	<u>1,505,946</u>
<u>Fund Equity:</u>		
Reserve for Encumbrances	\$ -	\$ -
Reserved- other	300,652	-
Unreserved		
Designated	-	-
Undesignated	<u>885,885</u>	<u>280,360</u>
Total Fund Balance	<u>1,186,538</u>	<u>280,360</u>
Total Liabilities and Fund Equity	<u>\$ 1,212,560</u>	<u>\$ 1,786,307</u>

(1) Accounts payable reflects 2022-2023 transportation and tuition expenses that were not paid in such fiscal year. As noted under the subsection entitled "Additional Supplementary Property Tax Levy" in Appendix A hereof, such expenses are expected to be paid during the 2023-2024 fiscal year from such \$1 million supplemental levy approved by voters of the District on May 16, 2023 and expected to be received by the District during its 2023-2024 fiscal year.

The \$1 million supplemental levy is not reflected in this summary.

(2) Preliminary, subject to change.

Source: District Officials. Summary itself not audited.

Wainscott Common School District
 Combined Statement of Revenues, Expenditures and Changes in Fund Balance
 General Fund
 Fiscal Year Ending June 30:

	2019	2020	2021	2022	2023 ⁽¹⁾
Revenues					
Real Property Taxes	\$2,250,488	\$2,660,919	\$2,999,811	\$3,062,472	\$3,401,104
Other Tax Items	6,646	5,715	10,340	9,184	10,364
Charges for Services	81,751	29,763	337,965	166,123	302,898
Use of Money and Property	660	485	466	424	308
Miscellaneous	0	0	146	805	15,681
State Aid	31,879	24,547	22,626	22,015	93,847
Federal Aid	18,004	0	97,122	191,306	122,332
Total Revenues	\$2,389,428	\$2,721,429	\$3,468,476	\$3,452,328	\$3,946,535
Expenditures					
General Support	\$451,864	\$287,171	\$407,458	\$632,302	\$377,093
Instruction	2,265,714	2,008,554	2,499,518	2,879,317	2,496,431
Pupil Transportation	257,360	250,660	246,280	250,277	266,656
Community Services	-	-	-	-	-
Employee Benefits	204,143	186,021	162,733	199,223	237,459
Debt Service	125,813	125,956	125,869	125,550	0
Total Expenditures	\$3,304,894	\$2,858,362	\$3,441,858	\$4,086,669	\$3,377,639
Excess (Deficit) of Revenues Over Expenditures	(915,466)	(136,933)	26,618	(634,340)	568,896 ⁽²⁾
Other Sources And Uses					
Operating Transfers In	0	0	0	0	0
Operating Transfers (Out)	0	0	0	0	0
Total Other Sources (Uses)	-	-	-	-	-
Excess (Deficiency) Of Revenues And Other Sources Over Expenditures And Other Uses	(915,466)	(136,933)	26,618	(634,340)	568,896
Other Changes In Fund Equity					
Fund Equity - Beginning Of Year	2,846,658	1,931,192	1,794,259	1,820,877	1,186,537
Other Changes in Fund Balance	-	-	-	-	-
Fund Equity - End Of Year	\$1,931,192	\$1,794,259	\$1,820,877	\$1,186,537	\$1,755,432

(1) Preliminary, subject to change.

(2) The District did not pay certain tuition and transportation expenses incurred during the 2022-2023 fiscal year. Such expenses totaled \$1,475,073. If such expenses were paid, the District would have recognized an operating deficit of \$906,177. See also page B-2 and "Additional Supplementary Property Tax Levy" in Appendix A hereof.

Source: District Officials. Summary itself not audited.

APPENDIX C
CASH FLOW STATEMENTS

**WAINSCOTT COMMON SCHOOL DISTRICT
FISCAL YEAR 2022-2023 ACTUAL CASH FLOW**

MONTH	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APRIL	MAY	JUNE	TOTAL
BALANCE (Beginning) (1)	\$911,908	\$911,747	\$703,220	\$597,546	\$573,931	\$327,600	\$684,064	\$1,635,610	\$1,392,703	\$1,016,946	\$705,727	\$1,078,488	\$911,908
RECEIPTS													
Property Taxes (2)	\$0	\$0	\$0	\$0	\$0	\$596,188	\$1,505,563	\$310,015	\$13,416	\$66,009	\$677,860	\$479,958	\$3,649,010
State Aid	9,971	0	9,223	63,116	792	15,424	11,000	18,000	3,936	0	0	0	131,462
Covid Revenue	0	0	0	90,116	0	0	0	0	0	0	0	0	90,116
Other Revenue	3,607	19	15	3,601	360	80	6,010	12,784	28	4,954	17	26	31,501
State Aid - Ross School Reimbursements	14,397	0	0	0	38,132	0	94,482	0	0	0	0	153,460	300,470
Transfer from Restricted Reserves	0	0	0	0	0	200,000	0	0	0	0	0	0	200,000
Note Proceeds-TANs	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL RECEIPTS	\$27,974	\$19	\$9,238	\$156,834	\$39,283	\$811,692	\$1,617,055	\$340,799	\$17,380	\$70,963	\$677,878	\$633,444	\$4,402,558
DISBURSEMENTS													
Operating Expenses (3)	\$28,135	\$208,545	\$114,912	\$180,449	\$285,613	\$455,228	\$465,509	\$583,706	\$393,137	\$382,182	\$305,116	\$226,565	\$3,629,098
Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer to Restricted Reserves	0	0	0	0	0	0	200,000	0	0	0	0	0	200,000
Transfer to Note Payment Acct	0	0	0	0	0	0	0	0	0	0	0	0	0
Note Interest Payment	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DISBURSEMENTS	\$28,135	\$208,545	\$114,912	\$180,449	\$285,613	\$455,228	\$665,509	\$583,706	\$393,137	\$382,182	\$305,116	\$226,565	\$3,829,098
BALANCE (Ending)	\$911,747	\$703,220	\$597,546	\$573,931	\$327,600	\$684,064	\$1,635,610	\$1,392,703	\$1,016,946	\$705,727	\$1,078,488	\$1,485,368	\$1,485,368
NOTE PAYMENT ACCOUNT (4)													
Balance (Beginning)	\$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	0	0
Disbursements	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance(Ending)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

- (1) Balance as of June 30, 2022. Exclusive of all General Fund Restricted Reserve Funds. Source: District bank statements.
- (2) Inclusive of STAR Aid.
- (3) See Projected Cash Flow for 2022-2023 expenses that will be paid during the 2023-2024 fiscal year. See also Appendix B herein.
- (4) The Note Payment Account reflects the payment of 2022-2023 tax anticipation notes at their maturity.
The interest on such notes is not reflected in the Note Payment Account, but is recorded as a disbursement in the schedule above.

**WAINSCOTT COMMON SCHOOL DISTRICT
FISCAL YEAR 2023-2024 PROJECTED CASH FLOW**

MONTH	JULY	AUG	SEP	OCT	NOV	DEC	JAN 1-5	JAN 6-31	FEB	MAR	APRIL	MAY	JUNE	TOTAL
BALANCE (Beginning) (1)	\$1,485,368	\$1,493,607	\$1,486,921	\$1,346,846	\$974,346	\$1,223,396	\$273,578	\$83,578	\$1,693,078	\$1,532,578	\$996,606	\$478,106	\$428,595	\$1,485,368
RECEIPTS														
Property Taxes (2)	\$0	\$0	\$0	\$0	\$0	\$400,000	\$0	\$1,500,000	\$310,000	\$0	\$0	\$650,000	\$534,568	\$3,394,568
Propert Tax (Addl. Levy from 2022-23) (3)	0	0	0	0	0	100,000	0	350,000	50,000	0	0	300,000	200,000	1,000,000
State Aid	16,223	0	0	59,500	700	15,000	0	11,000	18,000	4,000	20,000	5,000	977	150,400
Other Revenue	3,553	8,712	0	0	350	80	0	1,500	1,500	28	1,500	921	1,520	19,664
Community Donations	0	54,000	20,000	0	0	0	0	0	0	0	0	0	0	74,000
State Aid - Ross School Reimbursements	0	0	0	0	38,000	0	0	97,000	0	0	0	0	154,000	289,000
Transfer from Restricted Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Note Proceeds-TANs	0	0	0	0	1,000,000	0	0	0	0	0	0	0	0	1,000,000
TOTAL RECEIPTS	\$19,776	\$62,712	\$20,000	\$59,500	\$1,039,050	\$515,080	\$0	\$1,959,500	\$379,500	\$4,028	\$21,500	\$955,921	\$891,065	\$5,927,632
DISBURSEMENTS														
Operating Expenses	\$11,536	\$69,398	\$160,075	\$182,000	\$540,000	\$540,000	\$190,000	\$350,000	\$540,000	\$540,000	\$540,000	\$540,000	\$643,109	\$4,846,118
Debt Service	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer to Restricted Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer to Note Payment Acct	0	0	0	0	0	0	0	0	0	0	0	465,432	534,568	1,000,000
Note Interest Payment	0	0	0	0	0	0	0	0	0	0	0	0	35,000	35,000
Prior Year Tuition and Transportation	0	0	0	250,000	250,000	924,898	0	0	0	0	0	0	0	1,424,898
TOTAL DISBURSEMENTS	\$11,536	\$69,398	\$160,075	\$432,000	\$790,000	\$1,464,898	\$190,000	\$350,000	\$540,000	\$540,000	\$540,000	\$1,005,432	\$1,212,677	\$7,306,016
BALANCE (Ending)	\$1,493,607	\$1,486,921	\$1,346,846	\$974,346	\$1,223,396	\$273,578	\$83,578	\$1,693,078	\$1,532,578	\$996,606	\$478,106	\$428,595	\$106,984	\$106,984
NOTE PAYMENT ACCOUNT (4)														
Balance (Beginning)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$465,432	\$0
Receipts	0	0	0	0	0	0	0	0	0	0	0	465,432	534,568	1,000,000
Disbursements	0	0	0	0	0	0	0	0	0	0	0	0	1,000,000	1,000,000
Balance(Ending)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$465,432	\$0	\$0

(1) Balance as of June 30, 2023. Exclusive of all General Fund Restricted Reserves.

(2) Inclusive of STAR Aid.

(3) On May 16, 2023, voters of the District approved an additional \$1 million supplementary tax levy for the 2022-2023 fiscal year to be collected in 2023-2024. See "Additional Supplementary Property Tax Levy" in Appendix A hereof.

(4) The Note Payment Account reflects the payment of 2023-2024 tax anticipation notes at their maturity.

The interest on such notes is not reflected in the Note Payment Account, but is recorded as a disbursement in the schedule above.

APPENDIX D

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

Hawkins Delafield & Wood LLP
7 World Trade Center
250 Greenwich Street
New York, New York 10007

November 9, 2023

The Board of Trustees of
Wainscott Common School District,
in the County of Suffolk, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Wainscott Common School District (the “School District”), in the County of Suffolk, a school district of the State of New York in connection with the authorization, sale and issuance of the \$1,000,000 Tax Anticipation Note for 2023-2024 Taxes (the “Note”), dated and delivered on the date hereof.

We have examined a record of proceedings relating to the Note for purposes of this opinion. 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 for tax years beginning after December 31, 2022, 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 Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the

investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Note, the 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 said Note.

Very truly yours,

APPENDIX E

FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS

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 Wainscott Common 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 the date hereof.

“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 \$1,000,000 Tax Anticipation Notes for 2023-2024 Taxes, dated November 9, 2023, maturing on June 21, 2024, 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 **Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021** 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:

- i. principal and interest payment delinquencies;
- ii. non-payment related defaults, if material;

- iii. unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. unscheduled draws on credit enhancements reflecting financial difficulties;
- v. substitution of credit or liquidity providers, or their failure to perform;
- vi. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
- vii. modifications to rights of Securities holders, if material;
- viii. Bond calls, if material, and tender offers;
- ix. defeasances;
- x. release, substitution, or sale of property securing repayment of the Securities, if material;
- xi. rating changes;
- xii. 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;

- xiii. 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;

- xiv. appointment of a successor or additional trustee or the change of name of a trustee, if material;
- xv. 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
- xvi. 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 9, 2023**.

WAINSCOTT COMMON SCHOOL DISTRICT

By _____
President of the Board of Education