

PRELIMINARY OFFICIAL STATEMENT DATED MAY 15, 2017

NEW ISSUE - SERIAL BONDS

RATING: S&P GLOBAL RATINGS:  
See "Bond Rating", herein

*In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Fire District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds 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 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Bonds 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 Fire District will designate the Bonds as "qualified tax-exempt obligations" pursuant to the provision of Section 265(b)(3) of the Code.*

**GREENWOOD LAKE JOINT FIRE DISTRICT,  
IN THE TOWN OF WARWICK AND  
THE VILLAGE OF GREENWOOD LAKE  
ORANGE COUNTY, NEW YORK  
(the "Fire District")**

**\$5,350,000 FIRE DISTRICT SERIAL BONDS – 2017  
[BOOK-ENTRY-ONLY BONDS]  
(the "Bonds")**

**SEE BOND MATURITY SCHEDULE HEREIN**

*Security and Sources of Payment:* The Bonds are general obligations of the Fire District and will contain a pledge of the faith and credit of the Fire District for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the Fire District, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011, as amended. (See "*Tax Levy Limit Law*" herein).

*Prior Redemption:* The Bonds maturing on June 1, 2025 and thereafter are subject to redemption prior to maturity, at the option of the Fire District, on June 1, 2024, and thereafter on any date, in accordance with terms described herein. (See "*Optional Redemption*" under "*THE BONDS*," herein).

*Form and Denomination:* The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry bonds. Individual purchases of the Bonds may be made in denominations of \$5,000 or integral multiples thereof. Bondholders will not receive certificates representing their respective interests in the Bonds purchased. (See "*Book-Entry-Only System*" under "*THE BONDS*," herein).

*Payment:* Payment of the principal of and interest on the Bonds will be made by the Fire District to DTC which will in turn remit such payment to its Participants for subsequent distribution to the Beneficial Owners of the Bonds in accordance with standing instructions and customary practices. Payment to the Beneficial Owners will be the responsibility of the DTC Participant or Indirect Participant and not of DTC or the Fire District, subject to any statutory and regulatory requirements as may be in effect from time to time. (See "*Book-Entry-Only System*" under "*THE BONDS*," herein).

Proposals for the Bonds will be received at 11:00 A.M. (Prevailing Time) on May 24, 2017 at the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

*The Bonds are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Bonds will be made through the facilities of DTC on or about June 7, 2017 in New York, New York.*

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM "DEEMED FINAL" BY THE FIRE DISTRICT FOR THE PURPOSE OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE") EXCEPT FOR CERTAIN INFORMATION THAT WILL BE UPDATED FOLLOWING THE DATE THEREOF. FOR A DESCRIPTION OF THE FIRE DISTRICT'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS, AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

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

**GREENWOOD LAKE JOINT FIRE DISTRICT,  
IN THE TOWN OF WARWICK AND  
THE VILLAGE OF GREENWOOD LAKE  
ORANGE COUNTY, NEW YORK**

**\$5,350,000 FIRE DISTRICT SERIAL BONDS – 2017**

**BOND MATURITY SCHEDULE**

**Dated: Date of Delivery**

**Principal Due: June 1, 2018-2042 inclusive  
Interest Due: June 1, 2018, December 1, 2018 and  
semi-annually thereafter on June 1 and  
December 1 in each year to maturity**

<u>Amount</u>	<u>Maturity*</u>	<u>Rate</u>	<u>Price or Yield</u>	<u>CUSIP #</u>
\$ 120,000	2018			
150,000	2019			
155,000	2020			
160,000	2021			
165,000	2022			
170,000	2023			
175,000	2024			
180,000	2025**			
185,000	2026**			
190,000	2027**			
195,000	2028**			
200,000	2029**			
205,000	2030**			
215,000	2031**			
220,000	2032**			
230,000	2033**			
235,000	2034**			
245,000	2035**			
255,000	2036**			
260,000	2037**			
270,000	2038**			
280,000	2039**			
290,000	2040**			
295,000	2041**			
305,000	2042**			

\*Amounts are subject to adjustment by the Fire District following the sale, pursuant to the terms of the Notice of Sale relating to the Bonds, to achieve substantial level or declining annual debt service as provided in Section 58.00 9(c)(2) of the Local Finance Law.

\*\*Subject to redemption prior to maturity.

**GREENWOOD LAKE JOINT FIRE DISTRICT,  
IN THE TOWN OF WARWICK AND  
THE VILLAGE OF GREENWOOD LAKE  
ORANGE COUNTY, NEW YORK**

PO Box 1388  
Greenwood Lake, New York 10925  
Telephone: 845/595-1722  
Fax: 845/595-1723

**BOARD OF FIRE COMMISSIONERS**

Alexander A. Nicholas, Chairman

**Board Members**

Wayne T. Russo  
Steve E. DeFeo  
James M. O'Hara  
John F. Collins

-----  
Dody A. Nicholas, Fire District Treasurer/Secretary  
Frank T. Simeone, Esq., Fire District Attorney

\* \* \*

**BOND COUNSEL**

Hawkins Delafield & Wood LLP  
New York, New York

\* \* \*

**MUNICIPAL ADVISOR**

MUNISTAT SERVICES, INC.

Municipal Finance Advisory Service

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

E-mail: [info@munistat.com](mailto:info@munistat.com)  
Website: <http://www.munistat.com>

No dealer, broker, salesman or other person has been authorized by the Fire 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 Fire District. 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 Bonds 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 Fire 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 Fire District since the date hereof.

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## **OFFICIAL STATEMENT**

### **GREENWOOD LAKE JOINT FIRE DISTRICT, IN THE TOWN OF WARWICK AND THE VILLAGE OF GREENWOOD LAKE ORANGE COUNTY, NEW YORK**

#### **\$5,350,000 FIRE DISTRICT SERIAL BONDS – 2017 [BOOK-ENTRY-ONLY BONDS]**

This Official Statement and the appendices hereto present certain information relating to the Greenwood Lake Fire District (the “Fire District”) in the Town of Warwick (the “Town”) and the Village of Greenwood Lake (the “Village”) in Orange County, New York (the “County” and “State,” respectively) in connection with the sale of \$5,350,000 Fire District Serial Bonds – 2017 (the “Bonds”) of the Fire District.

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

#### **THE BONDS**

##### **Description of the Bonds**

The Bonds will be dated the date of delivery, and will mature on June 1 in each of the years 2018 to 2042, inclusive, in the principal amounts as set forth on the inside cover page hereof.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”) as book-entry bonds. Individual purchases of the Bonds may be made in denominations of \$5,000 or integral multiples thereof. Bondholders will not receive certificates representing their respective interests in the Bonds purchased. (See “*Book-Entry-Only System*” under “*THE BONDS*,” herein).

Interest on the Bonds will be payable on June 1, 2018, December 1, 2018 and semi-annually thereafter on June 1 and December 1 in each year to maturity. Principal and interest will be paid by the Fire District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the Fire District referred to therein.

The Record Date of the Bonds will be the fifteenth of the month preceding each interest payment date.

The Fire District will act as Paying Agent for the Bonds. Paying agent fees, if any, will be paid by the purchaser. The Fire District’s contact information is as follows: Dody A. Nicholas, Fire District Treasurer, Greenwood Lake Joint Fire District in the Town of Warwick and the Village of Greenwood Lake, PO Box 1388, Greenwood Lake, New York 10925, Phone (845) 549-7366, Fax (845) 595-1723 and email: gwlkny@aol.com.

##### **Optional Redemption**

The Bonds maturing on or before June 1, 2024 will not be subject to redemption prior to maturity. The Bonds maturing on June 1, 2025 and thereafter, will be subject to redemption prior to maturity, at the option of the Fire District, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), on any date on or after June 1, 2024, at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

If less than all of any of the Bonds of any maturity are to be redeemed prior to maturity, the particular Bonds of such maturity to be redeemed shall be selected by the Fire District by lot in any customary manner of selection as determined by the Fire District. Notice of such call for redemption shall be given by mailing such notice to the registered owner at least thirty (30) days prior to the date set for such redemption. Notice of redemption having been given as aforesaid, the bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date.

### **Book-Entry-Only System**

DTC will act as Securities Depository for the Bonds. The Bonds will be issued as fully-registered securities, 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 bond certificate will be issued for each maturity of the Bonds and deposited with DTC.

DTC 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 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

To facilitate subsequent transfers, all Bonds 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 Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping accounts 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.

Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to the Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

Principal and interest payments on the Bonds 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 Fire District on the payable date, in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee) or the Fire 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 Fire 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 Securities Depository with respect to the Bonds at any time by giving reasonable notice to the Fire District or the Fire District may decide to discontinue use of the system of book-entry transfers through DTC. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered to the beneficial owners.

Source: The Depository Trust Company, New York, New York.

The information contained in the above section concerning DTC and DTC's book-entry system has been obtained from sample offering document language supplied by DTC, but the Fire District takes no responsibility for the accuracy thereof.

**THE FIRE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANTS, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OR ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS; (IV) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.**

**THE FIRE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO DIRECT PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (I) PAYMENTS OF THE PRINCIPAL OF OR INTEREST ON THE BONDS; (II) CONFIRMATION OF THEIR OWNERSHIP INTEREST IN THE BONDS; OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO. AS NOMINEE, AS REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SO SERVE AND ACT IN THE MANNER DESCRIBED IN THE OFFICIAL STATEMENT.**

## **Certificated Bonds**

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Fire District and discharging its responsibilities with respect thereto under applicable law, or the Fire District may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, and a replacement book-entry securities depository is not appointed, the Bonds will be issued in registered form in denominations of \$5,000, or integral multiples thereof. Principal of and interest on the Bonds when due will be payable at the principal corporate trust office of a bank or trust company to be named by the Fire District as the fiscal agent; certificated Bonds may be transferred or exchanged at no cost to the owner of such bonds at any time prior to maturity at the corporate trust office of the fiscal agent for bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the certificate of the Fire District Treasurer authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law.

### **Authorization and Purpose**

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Town Law and the Local Finance Law, and the bond resolution duly adopted by the Board of Commissioners on January 12, 2017 (the "Bond Resolution"), and approved as Proposition by a majority of the qualified voters of the Fire District present and voting thereon at a Special Election held on February 28, 2017, authorizing the issuance of serial bonds in the amount of \$5,350,000 to finance the cost of the construction of a new firehouse on land owned by the Fire District. The estimated maximum cost of said new firehouse is \$5,850,000. The Fire District expects to use \$500,000 from its "Real Property Acquisition and Improvement Capital Reserve" to fund a portion of said cost and the Bonds to finance the balance thereof.

### **Security and Source of Payment**

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

The Bonds will be general obligations of the Fire District and will contain a pledge of the faith and credit of the Fire District for the payment of the principal thereof and the interest thereon. The pledge of the faith and credit of municipalities and school districts mandated by Article VIII, Section 2, of the New York Constitution was upheld by the Court of Appeals in several cases decided at the time of the New York City financial crisis in the 1970s and 1980s (see *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 NY 2d 731 (1976) and subsequent cases). The opinion of the Court of Appeals in the *Flushing National Bank* decision states that "...an obligation containing a pledge of the City's 'faith and credit' is secured by a promise both to pay and to use in good faith the City's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words 'faith' and 'credit' are used and they are not tautological." In the words of the Court of Appeals, "That is what the words say and this is what the courts have held they mean..." is a clear statement as to the meaning of the pledge of faith and credit. Albeit the pledge of the faith and credit of a fire district (including the Fire District) is not constitutionally mandated, such pledge is required pursuant to the Local Finance Law (Section 100.00) for the incurrence of fire district indebtedness and should be accorded a similar judicial interpretation.

For the payment of such principal of and interest on the Bonds, the Fire District has the power and statutory authority to cause the levy of ad valorem taxes on all taxable real property in the Fire District, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See "*Tax Levy Limit Law*" herein).

Pursuant to the Section 100.00 of the New York State Local Finance Law, the Fire District is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds. The State is precluded from restricting the power of the Fire District to require the levy of taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Fire District's power to cause an increase to its annual tax levy, unless the Fire District complies with certain procedural requirements to permit the Towns, on behalf of the Fire District, to levy certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*" herein).

## REMEDIES UPON DEFAULT

Neither the Bonds, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Bonds if the Fire District defaults in the payment of principal of or interest on the Bonds, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Bonds upon the occurrence of such default. Each Bond is a general obligation contract between the Fire District and the owner for which the faith and credit of the Fire District is pledged and while remedies for enforcement of payment are not expressly included in the Fire District's contract with such holders, 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. (See also "*Security and Source of Payment*" herein for discussion of the statutory (but not constitutional) mandate that a fire district, including the Fire District, pledge its faith and credit to the payment of its indebtedness.)

Upon default of the payment of principal of or interest on the Bonds, at suit of the owner, a Court has power in proper and appropriate proceedings to render a judgment against the Fire 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. Courts also have the power in proper and appropriate proceedings to order payment of a judgment on such Bonds from funds lawfully available therefor or, in the absence thereof, to order the Fire District to take all lawful action to obtain the same, including the inclusion of the required amount in the next request to the Town to place such amount in the next annual tax levy. In exercising its discretion as to whether to enter such an order, the Courts may take into account all relevant factors, including the current operating needs of the Fire District and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on a Bond, the owner of such Bond could, among other things, seek to obtain a writ of mandamus from a Court requiring the governing body of the Fire District to cause the assessment, levy and collection of an *ad valorem* tax, upon all property of the Fire District subject to taxation by the Fire District, sufficient to pay the principal of and interest on the Bonds as the same shall come due (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Bonds and the proceedings with respect thereto, all of which are included in the contract with the owners of the Bonds. 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 Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of holders of bonds and notes, 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*, 41 N.Y.2d 644 (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 Fire District.

Pursuant to Article VIII, Section 2 of the State Constitution, municipalities and school districts are required to provide an annual appropriation of monies for the payment of due 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 aside 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 Constitutional provision providing for first revenue set aside does not apply by its terms to the Fire District. However, pursuant to Section 100.00 of the Local Finance Law, a fire district, including the Fire District, must pledge its faith and credit to the payment of its indebtedness.

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 in the State have upheld and sustained the rights of bondholders and/or noteholders, a Court might hold that future events, including a financial crisis as such may occur in the State or in any of its political subdivisions, including municipalities and fire districts 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 DEFAULT STATE**

No principal or interest payment on Fire District indebtedness is past due. The Fire 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 and fire districts, including the Fire District, there can be no assurance that it will not become applicable in the future. As such, the undertakings of the Fire 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 Fire 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 Fire 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 Bonds.

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 Fire 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 Fire District is currently considering or expects to resort to the provisions of Chapter IX if authorized to do so in the future.

## **THE FIRE DISTRICT**

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

### **General Information**

The Fire District was established in 1990 and comprises of a land area of approximately 36 square miles. The Fire District includes the Village of Greenwood Lake and 33% of the Town of Warwick. The Fire District also covers Sterling Forest State Park and portions of the Appalachian Trail. The Fire District is essentially a bedroom community for those who work in New York City, Westchester and Rockland Counties, and northern New Jersey. Summer cottages that once dotted the hillsides around the lake (the southern half of which is the site of New Jersey) have been converted to year-round homes over the years.

The Town of Warwick is located in Orange County about 40 miles north of the City of New York. The Town is a suburban community and is primarily residential in nature. The Village of Greenwood Lake was initially formed as a summer resort for families from the New York City area due to its combination of the lake and nearby mountains.

Greenwood Lake and the surrounding areas offer entertainment, night life, antiques, a wine trail, outdoor concerts, festivals, boutique shopping, restaurants with lakeside dining, cozy inns, plenty of outdoor activities, and hiking in national and state parks. In the Fire District alone there are twelve marinas with hundreds of public and private wharves, docks and boat slips, serving more than three thousand licensed boats each summer. Residents of the Fire District are employed throughout the County or commute to the New York Metropolitan area.

Several commercial banks are located in the vicinity and are available to residents in the Fire District. A branch of JPMorgan Chase Bank is located in the Fire District.

The Village of Greenwood Lake, on a limited basis, provides water and sewer services. Outlying areas use private wells and septic systems. Both the Village of Greenwood Lake and the Town of Warwick (police only) provide police and fire protection. Additional police protection is provided by the Orange County Sheriff's Department and the New York State Police.

Electricity is provided by Orange & Rockland, Inc. National gas is provided by Columbia Gas. Telephone requirements are met by Verizon New York Inc. and Warwick Valley Telephone.

Opportunities for higher education are numerous and include such institutions as Orange and Rockland Community Colleges and SUNY New Paltz, as well as the many colleges, universities, law and medical schools in New York City.

Population in the Town is estimated to be 32,065. The Fire District population is estimated at 6,490.

### **Form of District Government**

The Board of Fire Commissioners is made up of five publicly elected officials. Each Commissioner is elected to five-year term, with one Commissioner up for election every year. The appointment of Chairman of the Board of Fire Commissioners is given to the Commissioner in the last year of their five-year term, and thus changes yearly. The District Secretary is appointed every year. The District Treasurer is elected by the public and hold a three-year term.

### **Employees**

The Fire District employs one salaried secretary/treasurer whom is not covered under a union contract.

## **ECONOMIC AND DEMOGRAPHIC INFORMATION**

The following tables set forth certain economic and demographic statistics for the Town of Warwick, Orange County and New York State. Certain statistics are not available for the Fire District and the Village of Greenwood Lake; in most cases the smallest area for which such statistics are available (which includes the Fire District and the Village of Greenwood Lake) is the Town of Warwick within Orange County. The information set forth below with respect to the Town of Warwick, Orange County and the State of New York is included for informational purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the Fire District is necessarily representative of the Town, County or State or vice versa.

### **Population Characteristics**

The population of the Fire District is estimated to be 6,490 according to Fire District estimates.

<u>Year</u>	<u>Town of Warwick</u>	<u>Orange County</u>	<u>New York State</u>
1990	27,165	307,647	17,990,455
2000	30,764	341,367	18,976,457
2010	32,073	372,813	19,378,102
2015	31,446	375,384	19,673,174

Source: U.S. Bureau of the Census.

### Income Data

	Per Capita Money Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2015<sup>a</sup></u>
Town of Warwick	\$16,923	\$25,409	\$38,033	\$42,407
County of Orange	15,198	21,597	27,862	31,023
State of New York	16,501	23,389	30,948	33,236

  

	Median Family Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2015<sup>a</sup></u>
Town of Warwick	\$43,021	\$61,094	\$84,104	\$84,807
County of Orange	44,039	60,355	79,883	70,848
State of New York	32,965	51,591	55,217	59,269

Source: United States Bureau of the Census

a. Note: Based on American Community Survey 5-Year Estimates (2011-2015)

### Major Non-Governmental Employers in Orange County

(300 or more employees)

<u>Name of Employer</u>	<u>Nature of Business</u>	<u>Approx. No. of Employees</u>
Orange Regional Medical Center	Hospital	2524
Crystal Run Healthcare	Physician Services	1600
St. Luke's / Cornwall Hospital	Hospital	1500
Elant, Inc.	Senior Health & Housing	1200
C&S Grocers, Inc.	Food Distribution Center	1000
Empire Blue Cross / Blue Shield	Health Insurance	790
AHRC	Developmental Disability Services	750
Occupations, Inc.	Rehabilitation Services	600
Time Warner Cable	Television/ Cable/ Communications	600
IBM Bus. Continuity & Resiliency Services	Technology Services	550
Kolmar Laboratories, Inc.	Cosmetic/ Personal Care Manufacturing	550
Mount Saint Mary College	Colleges	500
Bon Secours Community Hospital	Hospital	490
Staples, Inc.	Distribution Center	460
Verla International LTD.	Cosmetics Manufacturing	445
YRC Worldwide	Trucking Transportation	435
Amscan Inc.	Distribution	425
Times Herald Record	Newspaper Publishing	395
Crystal Run Village, Inc.	Mental Health Services	385
St. Anthony Community Hospital	Hospital	370
Precision Pipeline Solutions	Utilities	350
Cardinal Health	Distribution Center	340
Superior Pack Group, Inc.	Packaging & Labeling	325
Newburgh Auto Auction	Wholesale Autos	300

Source: 2015 Directory of Major Employers, Westchester County

## Unemployment Rate Statistics

<u>Annual Averages:</u>	<u>Orange County (%)</u>	<u>New York State (%)</u>
2012	8.3	8.6
2013	7.3	7.7
2014	5.9	6.4
2015	4.7	5.3
2016	4.2	4.9
2017 (2 months)	4.7	5.1

Source: Department of Labor, State of New York

## INDEBTEDNESS OF THE FIRE DISTRICT

### Constitutional Requirements

The New York State Constitution (Article VIII, Section 2) does not directly address the power of fire districts, including the Fire District, to contract indebtedness and the levy of taxes upon real estate in support thereof (although Article VIII, Section 3 thereof excludes, inter alia, fire districts from limitations imposed therein upon municipal or other corporations possessing the power to contract indebtedness or to levy or require the levy of taxes or benefit assessments upon real estate).

**Local Finance Law Requirements.** The New York State Local Finance Law limits the power of the Fire District (and municipalities, school and other fire districts of the State) to issue obligations and contract indebtedness. Such limitations include the following, in summary form, and are generally applicable to the Fire District and the Bonds.

**Purpose and Pledge.** Pursuant to the Local Finance Law, the Fire 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 Fire District may contract indebtedness only for a Fire 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 within three fiscal years, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the periods of probable usefulness of the objects or purposes as determined by statute (or the weighted average maturity thereof); no installment may be more than fifty per centum in excess of the smallest prior installment, unless the Fire District has authorized the issuance of indebtedness having substantially level or declining annual debt service. The Fire District is required to provide an annual appropriation for the payment of interest due during the fiscal 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 Fire District is subject to certain statutory limitations restricting the powers of the Fire District in the areas of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the Fire District, so as to prevent abuses in the exercise of such powers. As has been noted under "*Security and Source of Payment*", the State Legislature is prohibited from restricting the power of the Fire District to cause the levy of taxes on real estate for the payment of interest on or principal of indebtedness therefore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Fire District's power to increase its annual tax levy, unless the Fire District complies with certain procedural requirements to permit the Fire District to cause the levy of certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*" herein).

### Statutory Procedure

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

Pursuant to the Local Finance Law, the Fire District authorizes the issuance of bonded indebtedness by the adoption of a bond resolution approved by a vote of at least three-fifths of the entire membership of the Board of Fire Commissioners, which, pursuant to the Local Finance Law, is the finance board of the Fire District. All of such resolutions are subject to referendum.

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

Each bond resolution also provides for the authorization of the issuance of bond anticipation notes prior to the issuance of the subject serial bonds. Statutory law in New York permits notes to be renewed each year provided that (i) amortization of principal commences within two years of the date of incurrence of the debt, and, (ii) such renewals do not (with certain exceptions) extend more than five years beyond the original date of borrowing. (See "*Payment and Maturity*" under "*Constitutional Requirements*" herein).

The Local Finance Law also provides for a twenty-day statute of limitations commenced by publication of the bond resolution or a summary thereof, following its effective date which, in effect, thereafter estops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The Fire District has complied with such requirements with respect to the bond resolution authorizing the issuance of the Bonds.

In addition, pursuant to the bond resolution, the Board of Fire Commissioners may delegate, and has delegated, to the Fire District Treasurer, the chief fiscal officer of the Fire District, power to issue and sell bonds and bond anticipation notes.

In general, the Local Finance Law contains similar provisions providing the Fire District with power to issue general obligation revenue anticipation notes, tax anticipation notes, deficiency notes and budget notes, subject to the prescribed statutory procedures and limitations.

**Debt Limit.** The Fire District has the power to contract indebtedness for any Fire District purpose authorized by the Legislature of the State so long as the aggregate principal amount thereof shall not exceed three per centum (3.00%) of the full valuation of taxable real property of the Fire District, except as otherwise provided by the Local Finance Law, and subject to certain enumerated exclusions and deductions such as cash or appropriations for principal of debt. The three per centum limit may be exceeded if the proposition for approval of the bond resolution is approved by a two-thirds vote of the qualified voters of the Fire District and the State Comptroller consents thereto. The method for determining full valuation is by taking the assessed valuation of taxable real property 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.

There is no constitutional limitation on the amount that may be raised by the Fire District by tax on real estate in any fiscal year to pay principal and interest on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limitation on the power of the Fire District to increase its annual tax levy, unless the Fire District complies with certain procedural requirements to permit the Fire District to cause the levy of certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*" herein).

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

**Computation of Debt Limit and Calculation of Total Indebtedness**  
(As of May 15, 2017)

<u>Town:</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate (%)</u>	<u>Full Valuation</u>
Warwick (2016-2017)	\$118,026,467	14.94	\$790,003,126
Debt Limit - 3% of Full Valuation			\$23,700,094
Inclusions:			
Outstanding Bonds			\$175,000
Bond Anticipation Notes			<u>0</u>
Total Indebtedness			<u>175,000</u>
Exclusions			<u>0</u>
Total Net Indebtedness Before Issuing the Bonds			<u>175,000</u>
The Bonds			5,350,000
Less: BANs to be Redeemed by the Issuance of the Bonds			<u>0</u>
Net Effect of the Bonds			5,350,000
Total Net Indebtedness After Issuing the Bonds			<u>\$5,525,000</u>
Net Debt Contracting Margin			<u>\$18,175,094</u>
Per Cent of Debt Contracting Margin Exhausted			23.31%

a. The assessed and full valuation only reflects the taxable real property in the Greenwood Lake Fire District. (See "General Information" under "THE FIRE DISTRICT" herein).

**Details of Short-Term Indebtedness Outstanding**

As of the date of this Official Statement, the Fire District has no short-term debt outstanding.

**Debt Service Requirements - Outstanding Bonds**

The Fire District issued Statutory Bonds on August 1, 2013 to acquire an Engine/Pumper Truck. The bond matures in annual installments of \$25,000 through August 1, 2023 and bears an interest rate of 2.99%. The Fire District's long-term debt service requirements are as follows:

<u>FYE Dec 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$25,000	\$5,233	\$30,233
2018	25,000	4,485	29,485
2019	25,000	3,738	28,738
2020	25,000	2,990	27,990
2021	25,000	2,243	27,243
2022	25,000	1,495	26,495
2023	25,000	745	25,745
Totals	<u>\$175,000</u>	<u>\$20,928</u>	<u>\$195,928</u>

**Authorized but Unissued Debt**

The Fire District has authorized but unissued debt in the amount of \$5,350,000. Such amount is to be financed by the issuance of the Bonds.

**Calculation of Estimated Overlapping and Underlying Indebtedness**

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Orange	08/25/2016	2.62	\$ 7,225,418	\$ 6,848,137
Town of Warwick	11/14/2016	22.49	2,192,464	2,192,464
Village of Greenwood Lake	05/31/2016	100.00	1,385,773	1,385,773
Greenwood Lake School District	06/30/2016	87.74	938,733	938,733
<b>Totals</b>			<b>\$11,742,388</b>	<b>\$ 11,365,107</b>

Sources: State Comptroller’s Special Report on Municipal Affairs or more recently published Official Statements.

**Debt Ratios**  
(As of May 15, 2017)

	<u>Amount</u>	<u>Per Capita<sup>a</sup></u>	<u>Percentage Of Full Value (%)<sup>b</sup></u>
Total Direct Debt	\$ 175,000	\$ 27	0.022
Net Direct Debt	175,000	27	0.022
Total Direct & Applicable Total Overlapping Debt	11,917,388	1,836	1.508
Net Direct & Applicable Net Overlapping Debt	11,540,107	1,778	1.461

- a. Inclusive of the Bonds.
- b. The current estimated population of the Fire District is 6,490.
- c. The full valuation of taxable real property in the Fire District is \$790,003,126.

**FINANCES OF THE FIRE DISTRICT**

**Financial Statements and Accounting Procedures**

Each year the Fire District prepares an unaudited Annual Financial Report Update Document which is submitted to the Office of State Comptroller, Division of Municipal Affairs, and Bureau of Municipal Research and Statistics, annually. The financial affairs of the Fire District are subject to periodic audit by the State Comptroller. Additionally, the financial statements of the Fire District are audited annually by an independent public accountant. For the fiscal year 2015, the audit was performed by the firm EFPR Group CPAs, PLLC and is attached as Appendix B hereto.

The Statements of Revenues, Expenditures and Changes in Fund Balances presented in Appendix A of this Official Statement are based on the Audited Financial Statements of the Fire District for the 2011-2015 fiscal years.

## **Basis of Accounting**

The Fire District's financial statements are reported on the modified accrual basis of accounting. Under this accounting method, revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. The requirement that revenues be "available" distinguishes modified accrual revenue recognition from that of the accrual basis. Available is defined as expected to be collected within 60 days after the fiscal period ends. Expenditures are recognized in the accounting period in which the fund liability is incurred, when they become both measurable and expected to be paid within 60 days after the fiscal period ends. However, there are certain exceptions such as the recoding of debt service for principal and interest on general obligation long-term debt which are recorded only when due in accordance with the terms of the bond obligation.

The financial statements provide information about the Fire District's primary operating funds. The New York State Uniform System of Accounts for Fire Districts requires that accounts be organized on the basis of funds. The operations of each fund are recorded within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, expenditures and fund transfers. In addition, long-term assets and long-term debt, if applicable, are recorded and reported in the statement of general non-current governmental assets and the statement of general non-current governmental liabilities.

The Fire District maintains a General Fund and a Capital Fund, which are considered Governmental Funds. The Fire District also maintains a Pension Trust Fund and an Agency Fund which are considered Fiduciary Funds.

## **Investment Policy**

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

Consistent with the above statutory limitations, it is the Fire District's current policy to invest in: (1) certificates of deposit or time deposit accounts with Commercial banks or Trust Companies that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America, or for obligation of the State of New York or its municipal subdivisions. In the case of obligations of the United States government, the Fire District may also purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third-party custodian bank or trust company. The Fire District is without authority to and does not invest in reverse repurchase agreements or other derivative type investments.

## **Budgetary Procedures**

The Fire District's fiscal year begins on January 1 and ends on December 31. The Fire District Treasurer is the budget officer. The budget officer prepares a proposed budget each year and furnishes a copy to each member of the Board of Commissioners. The Board of Commissioners reviews the proposed budget and makes such changes, alterations and revisions as it shall consider advisable. Revisions (if any) are made and the budget is then affixed to the proposed Town budget as a part thereof. No change shall be made by the Town Board in the budget submitted by the Fire District. The Town levies and collects taxes in an amount equal to the amount required to be collected. The Fire District's budget must comply with the provisions of Chapter 97 of the Laws of 2011, as amended, which imposes a limitation on the amount of real property taxes that a fire district may levy in a given year. (See "*Tax Levy Limit Law*" herein).

## Revenues

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

### Real Property Taxes

See "Tax Information" herein

## Expenditures

A summary of expenditures for the five most recently completed fiscal years may be found in Appendix A.

## Service Award Program

The Greenwood Lake Fire District adopted a Length of Service Awards Program (LOSAP), effective January 1, 2009, as provided in Section 216 of the General Municipal Law. The Length of Service Awards Program (the "LOSAP") is a defined benefit plan and the award to be paid to eligible volunteer firefighters of the Fire District is twenty (\$20.00) dollars per month for each qualified year of active Fire District firefighter service not to exceed forty (40) years, with payments to commence when the eligible Fire District firefighter reaches the age of sixty (60) and completes one (1) year of active participation. To earn a year of credited service, a participant must accumulate fifty (50) points under the Fire District's point system. The participant's accrued benefit is one hundred (100) percent vested after the Fire District firefighter has earned credit for five (5) years of vesting service, attains the entitlement age of sixty (60), is awarded a finding of total and permanent disability or dies. All active volunteer firefighters of the Fire District who are members of the Greenwood Lake Fire Department are eligible to participate in the LOSAP.

## TAX INFORMATION

### Real Property Taxes

Methods and procedures to require the levy, collection and enforcement of this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the Fire District are prepared by the Town of Warwick. Assessment valuations are determined by the Town Assessor and the State Office of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Office of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aid and are used by many localities in the calculation or debt contracting and real property taxing limitations. The Fire District is not subject to constitutional real property taxing limitations but is subject to the Tax Levy Limit Law. (See "Tax Levy Limit Law" herein).

The following table sets forth real property taxes as a percentage of the Fire District's General Fund revenue (excluding other financing sources) for each of the fiscal years 2012 through 2016 (unaudited) inclusive, and the amounts budgeted for the 2017 fiscal year.

<u>FYE Dec 31:</u>	<u>Total Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues (%)</u>
2012	\$ 749,577	\$ 488,000	\$ 65.10
2013	557,787	497,500	89.19
2014	928,707	884,634	95.25
2015	890,963	880,828	98.86
2016 (Budgeted)	884,028	880,828	99.64
2017 (Budgeted)	884,028	880,828	99.64

Source: Audited Financial Statements (2012-2015). Adopted Budget of the Fire District (2017)

## **Tax Collection Procedure**

Real property taxes for the Fire District are levied and billed with taxes for County and Town purposes. Fire District taxes are collected by the Town beginning on February 1. Such taxes may be paid without interest during the month of February. Thereafter, tax payments must include interest computed at 1% per month or fraction thereof from February 1. The Town and Fire District tax levies are satisfied from the first tax moneys received by the Town. Accordingly, the Fire District receives 100% of its tax levy each year. A listing of unpaid taxes is transmitted by the Town to the County for collection and enforcement.

## **Tax Levy Limit Law**

Prior to the enactment of Chapter 97 of the Laws of 2011, as amended (the "*Tax Levy Limit Law*") all the taxable real property within the Fire District had been subject to the levy of ad valorem taxes to pay the bonds and notes of the Fire District and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the Fire District for any fiscal year commencing after January 1, 2012 continuing through June 15, 2020 unless extended, without providing an exclusion for debt service on obligations issued by the Fire District. As a result, the power of the Fire District to cause the levy of real estate taxes on all the taxable real property within the Fire District, to pay the principal of and interest on the Bonds, is subject to the statutory limitations imposed by the Tax Levy Limit Law.

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

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

There can be no assurances that the Tax Levy Limit Law will not come under legal challenge for violating applicable law (i) for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) by limiting the pledge of its faith and credit by a fire district for the payment of debt service on obligations issued by such fire district because the Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the Fire District or such indebtedness incurred after the effective date of the Tax Levy Limit Law.

### Real Property Valuations

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Assessed Valuation	\$117,257,703	\$117,549,254	\$117,707,031	\$118,026,651	\$118,026,467
State Equalization Rate	13.99%	14.53%	15.34%	14.92%	14.94%
Full Valuation	838,153,703	809,010,695	767,320,932	791,063,345	790,003,126
Tax Levy	488,000	497,500	884,634	880,828	880,828

### Selected Listing of Large Taxable Properties 2016-17 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Palisades Interstate Park	State Land	\$ 6,194,800
Orange County IDA	Commercial (IBM)	6,000,000
Orange & Rockland	Utility	4,599,413
Millennium Pipeline Co LLC	Utility	424,300
Sterling Forest Water Co	Utility	397,400
Greenwood Lake Properties LLC	Residential	315,200
SCP 20002E-48 LLC #309801	Commercial	288,000
Tiongson Phillip R	Residential	235,400
Christman Paul A	Residential	210,000
Lisiura Richard W	Apartments & Vacant	207,300
Granatell Charles	Residential	192,800
Pakola Peter S	Commercial	186,500
South County sewer Corp.	Utility	185,345
B & G Land Development LLC	Marina	172,800
Hammy Ham Holding LLC	Apartments & Residential	170,400
Total <sup>a</sup>		<u><u>\$19,779,658</u></u>

a. Represents 16.76% of the 2016-17 Full Valuation of the District.

### LITIGATION

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

## **BONDHOLDER RISKS AND MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE**

The Fire District's credit rating could be affected by circumstances beyond the Fire 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 Fire District property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the Fire District's credit rating could adversely affect the market value of the Bonds.

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

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

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

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Fire District, without providing exclusion for debt service on obligations issued by municipalities and fire districts, including the Fire District, may affect the market price and/or marketability for the Bonds. (See "*The Tax Levy Limit Law*" herein.)

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

### **TAX MATTERS**

#### **Opinion of Bond Counsel**

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

In addition, in the opinion of Bond Counsel to the Fire District, under existing statutes, interest on the Bonds 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 regarding any other Federal or state tax consequences with respect to the Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Bonds, or under state and local tax law.

### **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 Bonds in order that interest on the Bonds 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 Bonds, 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 Bonds 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 Fire District, in executing the Tax Certificate, will certify to the effect that the Fire 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 Bonds 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 Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Bond. 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 Bonds.

Prospective owners of the Bonds 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 Bonds 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 Bond (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 means the first price at which a substantial amount of the Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Bonds 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 Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds 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 Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond 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 Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond. 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 Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds 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 Bonds.

### **Bond Premium**

In general, if an owner acquires a Bond 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 Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond 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 Bond may realize a taxable gain upon disposition of the Premium Bond 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 Bond should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

### **Information Reporting and Backup Withholding**

Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. 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 Bond 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 Bonds 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 Bonds under Federal or state law or otherwise prevent beneficial owners of the Bonds 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 Bonds.

Prospective bondholders should consult their own tax advisors regarding the foregoing matters.

## **LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of the Bonds will be subject to the final approving opinion of Hawkins Delafield & Wood LLP, Bond Counsel, the form of which is set forth in Appendix C.

## **DISCLOSURE UNDERTAKING**

In order to assist the purchasers of the Bonds in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the Fire District will execute an undertaking to provide continuing disclosure, the form of which is attached hereto as Appendix D.

The Fire District has never entered into any previous continuing disclosure undertakings.

## **BOND RATING**

The Town has applied to Standard & Poor’s Corporation (“S&P”) 55 Water Street, New York, New York 10041, Telephone: (877) 299-2569 and Fax: (212) 438-5153, for a rating on the Bonds and such application is pending at this time. The rating will reflect only the view of such rating agency and an explanation of the significance of such rating should be obtained from S&P’s. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such ratings could have an adverse affect on the market price of the Bonds or the availability of a secondary market for such Bonds.

## **MUNICIPAL ADVISOR**

Munistat Services, Inc. (the “Municipal Advisor”), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the Fire District on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Bonds and has reviewed and commented on certain documents, including this Official Statement. The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the Fire District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Fire District or the information set forth in this Official Statement or any other information available to the Fire District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

## **ADDITIONAL INFORMATION**

Additional information may be obtained upon request from the office of Dody A. Nicholas, Fire District Treasurer, Greenwood Lake Joint Fire District in the Town of Warwick and the Village of Greenwood Lake, PO Box 1388, Greenwood Lake, New York 10925, Phone (845) 549-7366, Fax (845) 595-1723 and email: gwlkny@aol.com or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: <http://www.munistat.com>.

Munistat Services, Inc. may place a copy of this Official Statement on its website at [www.munistat.com](http://www.munistat.com). Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Munistat Services, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Fire District nor Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, Inc. and the Fire District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Munistat Services, Inc. and the Fire District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be, in fact, realized. This Official Statement is not to be construed as a contract or agreement between the Fire District and the original purchasers or owners of any of the Bonds.

The preparation and distribution of this Official Statement has been authorized by the bond resolution of the Fire District which delegate to the Fire District Treasurer the power to sell and issue the Bonds.

GREENWOOD LAKE JOINT FIRE DISTRICT, NEW YORK

By: \_\_\_\_\_  
DODY A. NICHOLAS  
Fire District Treasurer and Chief Fiscal Officer  
Greenwood Lake Joint Fire District in the  
Town of Warwick and the Village of Greenwood Lake  
Greenwood Lake, Orange County, New York

May , 2017

**APPENDIX A**

**FINIANCIAL INFORMATION**

**Statement of Revenues, Expenditures and Changes in Fund Balance  
General Fund**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues					
Real Property Taxes	\$ 447,300	\$ 488,000	\$ 497,500	\$ 884,634	\$ 880,828
Grant Income	1,000	17,456			
Insurance Claims	3,717				
Sale of Equipment				40,000	6,000
Miscellaneous	74	1,465	14,826	3,559	3,391
Interest and Earnings	747	541	462	514	744
Transfers In	91,466	242,115	44,999		
	<u>544,304</u>	<u>749,577</u>	<u>557,787</u>	<u>928,707</u>	<u>890,963</u>
Expenditures					
Personal Services	12,000	13,400	14,517	13,400	13,400
Property and Equipment	125,747	292,150	39,236	57,414	233,665
Contractual Expenditures	217,258	217,175	237,947	236,677	234,758
Workers Compensation	48,803	45,127	39,035	36,371	74,252
LOSAP Contribution	82,000	82,000	70,000	73,285	73,772
Debt Service			27,979	206,555	31,728
Transfers Out	40,000	54,061	134,003	100,000	140,000
	<u>525,808</u>	<u>703,913</u>	<u>562,717</u>	<u>723,702</u>	<u>801,575</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>18,496</u>	<u>45,664</u>	<u>(4,930)</u>	<u>205,005</u>	<u>89,388</u>
Fund Equity Beginning of Year	<u>73,369</u>	<u>91,865</u>	<u>137,529</u>	<u>132,599</u>	<u>337,604</u>
Fund Equity End of Year	<u>\$ 91,865</u>	<u>\$ 137,529</u>	<u>\$ 132,599</u>	<u>\$ 337,604</u>	<u>\$ 426,992</u>

Note: This schedule is not audited.

Source: Audited Financial Statements (2011-2015).

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Capital Projects Fund**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues					
Real Property Taxes	\$	\$	\$	\$	\$
Grant Income					
Insurance Claims					
Sale of Equipment					
Miscellaneous					
Interest and Earnings	1,176	641	330	179	353
Transfers In	<u>40,000</u>	<u>54,061</u>	<u>409,003</u>	<u>270,000</u>	<u>140,000</u>
<b>Total Revenues</b>	<u>41,176</u>	<u>54,702</u>	<u>409,333</u>	<u>270,179</u>	<u>140,353</u>
Expenditures					
Personal Services					
Property and Equipment			589,003		
Contractual Expenditures					
Workers Compensation					
LOSAP Contribution					
Debt Service					
Transfers Out	<u>91,466</u>	<u>242,115</u>	<u>44,999</u>	<u>          </u>	<u>          </u>
<b>Total Expenditures</b>	91,466	242,115	634,002	0	0
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(50,290)</u>	<u>(187,413)</u>	<u>(224,669)</u>	<u>270,179</u>	<u>140,353</u>
<b>Fund Equity Beginning of Year</b>	<u>397,335</u>	<u>347,045</u>	<u>159,632</u>	<u>(65,037)</u>	<u>205,142</u>
<b>Fund Equity End of Year</b>	<u>\$ 347,045</u>	<u>\$ 159,632</u>	<u>\$ (65,037)</u>	<u>\$ 205,142</u>	<u>\$ 345,495</u>

Note: This schedule is not audited.  
Source: Audited Financial Statements (2011-2015).

**BALANCE SHEET**  
**Fiscal Year Ended December 31:**

**General Fund**

	<u>2014</u>	<u>2015</u>
ASSETS:		
Cash - General Fund	\$ 342,494	\$ 428,433
<b>TOTAL ASSETS</b>	<u>\$ 342,494</u>	<u>\$ 428,433</u>
LIABILITIES		
Accounts Payable	\$ 4,890	\$ 1,441
Total Liabilities	<u>4,890</u>	<u>1,441</u>
FUND BALANCE		
Assigned Fund Balance	\$	\$ 400,000
Unassigned Fund Balance	337,604	26,992
Total Fund Balances	<u>337,604</u>	<u>426,992</u>
<b>TOTAL LIABILITES AND FUND BALANCE</b>	<u>\$ 342,494</u>	<u>\$ 428,433</u>

Note: This schedule is not audited.

Source: Annual Financial Update Document (2014-2015).

**BALANCE SHEET**  
**Fiscal Year Ended December 31:**

**Capital Projects Fund**

	<u><b>2014</b></u>	<u><b>2015</b></u>
<b>ASSETS:</b>		
Cash - General Fund	\$ 205,142	\$ 345,495
<b>TOTAL ASSETS</b>	<u><u>\$ 205,142</u></u>	<u><u>\$ 345,495</u></u>
<b>LIABILITIES</b>		
Accounts Payable	\$ <u>0</u>	\$ <u>0</u>
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>
<b>FUND BALANCE</b>		
Assigned Fund Balance	\$ 205,142	\$ 345,495
Unassigned Fund Balance	<u>0</u>	<u>0</u>
<b>Total Fund Balances</b>	<u><u>205,142</u></u>	<u><u>345,495</u></u>
<b>TOTAL LIABILITES AND FUND BALANCE</b>	<u><u>\$ 205,142</u></u>	<u><u>\$ 345,495</u></u>

Note: This schedule is not audited.

Source: Annual Financial Update Document (2014-2015).

## BUDGET SUMMARIES

	<u>2017</u>
Revenues:	
Real Property Taxes	\$ 880,828
Miscellaneous	3,200
	<hr/>
	\$ 884,028
	<hr/> <hr/>
Expenditures	
Building Maintenance	\$ 8,000
Bunker Gear Cleaning & Repair	3,000
Chiefs Expenses	2,500
Rent	16,800
Dock Rental	1,300
Election Officers	400
Fire Commissioners Training	6,000
Fire Prevention	4,500
Fire Supplies	12,000
Dispatching	25,800
Fuel	15,000
Equipment Testing	12,000
Insurance	80,000
Legal	40,000
LOSAP	82,000
Fire Reporting	2,100
Office Supplies	4,000
Physical Exams	12,000
Radio Repairs	3,000
Utilities	12,000
Training	3,500
Secretary/Treasurer	20,900
Truck Maintenance	40,000
Tuxedo Fire District	21,500
Tuxedo Fire Hydrants	4,000
Equipment	60,000
Debt Service	31,728
Capital Reserve: Equipment	200,000
Capital Reserve: Building	160,000
	<hr/>
Total Expenditures	\$ 884,028
	<hr/> <hr/>

Source: Adopted Budgets of the Fire District.

**GREENWOOD LAKE FIRE DISTRICT**

**APPENDIX B**

**FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

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

GREENWOOD LAKE JOINT FIRE DISTRICT

Financial Statements

December 31, 2015 and 2014

(With Independent Auditors' Report)

GREENWOOD LAKE JOINT FIRE DISTRICT

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## INDEPENDENT AUDITORS' REPORT

The Board of Commissioners  
Greenwood Lake Joint Fire District:

### Report on the Financial Statements

We have audited the accompanying financial statements of the General and Capital Projects Funds of the Greenwood Lake Joint Fire District (the District) as of and for the years ended December 31, 2015 and 2014, and the related notes to financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the General and Capital Projects Funds of the Greenwood Lake Joint Fire District, as of December 31, 2015 and 2014, and the related statements of revenue, expenditures and changes in fund balance for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in note 1, the financial statements present only the General and Capital Projects Funds and do not purport to, and do not present fairly the financial position of the District, as of December 31, 2015 and 2014, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greenwood Lake Joint Fire District's basic financial statements. The supplementary schedules that are listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 9, 2016, on our consideration of the Greenwood Lake Joint Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Greenwood Lake Joint Fire District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

(Formerly Toski & Co., CPAs, P.C.)

Williamsville, New York  
June 9, 2016

GREENWOOD LAKE JOINT FIRE DISTRICT  
 Balance Sheets - General and Capital Projects Fund  
 December 31, 2015 and 2014

<u>Assets</u>	<u>General Fund</u>		<u>Capital Projects Fund</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current assets - cash and equivalents	<u>\$ 428,433</u>	<u>342,494</u>	<u>345,495</u>	<u>205,142</u>
<u>Liabilities and Fund Balance</u>				
Current liabilities - accounts payable	<u>1,441</u>	<u>4,890</u>	<u>-</u>	<u>-</u>
Fund balance:				
Assigned	400,000	-	345,495	205,142
Unassigned	<u>26,992</u>	<u>337,604</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>426,992</u>	<u>337,604</u>	<u>345,495</u>	<u>205,142</u>
Total liabilities and fund balance	<u>\$ 428,433</u>	<u>342,494</u>	<u>345,495</u>	<u>205,142</u>

See accompanying notes to financial statements.

GREENWOOD LAKE JOINT FIRE DISTRICT  
 Statements of Revenue, Expenditures and Changes in  
 Fund Balance - General and Capital Projects Fund  
 Years ended December 31, 2015 and 2014

	<u>General Fund</u>		<u>Capital Projects Fund</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenue:				
Real property taxes	\$ 880,828	884,634	-	-
Proceeds from sale of equipment	6,000	40,000	-	-
Interest and earnings	744	514	353	179
Miscellaneous	3,391	3,559	-	-
Total revenue	<u>890,963</u>	<u>928,707</u>	<u>353</u>	<u>179</u>
Other sources:				
BANs redeemed from appropriations	-	-	-	170,000
Transfer from general fund to capital projects fund	-	-	<u>140,000</u>	<u>100,000</u>
Total other sources	<u>-</u>	<u>-</u>	<u>140,000</u>	<u>270,000</u>
Total revenue and other sources	<u>890,963</u>	<u>928,707</u>	<u>140,353</u>	<u>270,179</u>
Expenditures:				
Personal services	13,400	13,400	-	-
Property and equipment	233,665	57,414	-	-
Contractual expenditures	234,758	236,677	-	-
Workers' compensation	74,252	36,371	-	-
LOSAP contribution	73,772	73,285	-	-
Debt service principal	25,000	195,000	-	-
Debt service interest	6,728	11,555	-	-
Total expenditures	<u>661,575</u>	<u>623,702</u>	<u>-</u>	<u>-</u>
Other uses - transfer from general fund to capital projects fund	<u>140,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Total expenditures and other uses	<u>801,575</u>	<u>723,702</u>	<u>-</u>	<u>-</u>
Excess of revenue over expenditures	89,388	205,005	140,353	270,179
Fund balance - beginning	<u>337,604</u>	<u>132,599</u>	<u>205,142</u>	<u>(65,037)</u>
Fund balance - ending	<u>\$ 426,992</u>	<u>337,604</u>	<u>345,495</u>	<u>205,142</u>

See accompanying notes to financial statements.

# GREENWOOD LAKE JOINT FIRE DISTRICT

## Notes to Financial Statements

December 31, 2015 and 2014

### (1) Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying statutory basis financial statements follows.

#### (a) Organization

The Greenwood Lake Joint Fire District (the District) provides fire protection services for a portion of the Town of Warwick, New York. The District is a political subdivision distinct from the municipality in which it is located. The District is governed by an elected board of five fire commissioners and is required to have a treasurer and secretary. The District has the power to require the levy of taxes on real property and to borrow in its own name.

All activities and functions performed for the District are its direct responsibility. No other organizations have been included or excluded from the reporting entity. The financial reporting entity includes organizations, functions and activities over which elected officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management and accountability for fiscal matters.

#### (b) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District has not adopted the reporting requirements of Government Accounting Standards Board (GASB) Statement No. 34 - "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," which is required by accounting standards generally accepted in the United States of America.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for on the modified accrual basis using a current financial resources focus. With this measurement focus, generally, only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e. revenue and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, governmental fund revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be reasonably determined and "available" means the related cash resources are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Governmental fund expenditures are recorded when the liability is incurred except that:

- Payment of prepaid expenses and the purchase of inventory type items are recorded as expenditures at the time the related amounts are due and payable.
- Principal and interest on indebtedness are recorded as expenditures when the related debt service amounts are due and payable, which normally approximates the date the debt is paid.

## GREENWOOD LAKE JOINT FIRE DISTRICT

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (b) Measurement Focus, Basis of Accounting and Financial Statement Presentation, Continued

- Compensated absences, such as annual leave, which vest or accumulate with eligible employees, are recorded as expenditures in the payroll period in which the earned leave is used by the employee.
- Pension and Length of Service Awards Program (LOSAP) costs are recognized as expenditures when paid.
- Costs of acquiring capital assets are recorded as expenditures when due and payable.

##### (c) Fund Accounting and Funds Included in These Financial Statements

Governmental Fund Financial Statements - Beginning in the 2011 fiscal year, the District implemented GASB Statement No. 54 - "Fund Balance Reporting and Governmental Type Definitions." This improves the usefulness and clarity of fund balance categories to make the nature and extent of the constraints placed on a District's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

Nonspendable Fund Balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact.

Restricted Fund Balance - amount constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments.

Committed Fund Balance - amounts constrained to specific purposes by a government itself, using its highest level of decision making authority. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

Assigned Fund Balance - amounts a government intended to use for a specific purpose. Intent can be expressed by the governing body or by an official or body to which the Board delegates the authority.

Unassigned Fund Balance - amounts that are available for any purpose.

A fund is a separate accounting entity with a self-balancing set of accounts.

The District records its transactions in the fund types described below:

- General Fund - is the principal operating fund of the District and includes all revenue and expenditures not required by law to be included in another fund. Revenue is classified by source. Real property taxes are collected by the Town of Warwick and remitted to the District. Expenditures are classified to separately show the amounts expended for personal services, capital outlays, contractual expenditures, debt service and other expenditures, and other special items for which a separate classification is desired.

## GREENWOOD LAKE JOINT FIRE DISTRICT

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (c) Fund Accounting and Funds Included in These Financial Statements, Continued

- Capital Projects Fund - is used to account for financial resources to be used for the acquisition of major capital assets for governmental activities. Financing is generally provided from the proceeds of bonds, notes, grants and transfers from other governmental funds.

##### (d) Budget Basis of Accounting

Budgets are adopted on an annual basis consistent with accounting practices prescribed by New York State (the State) to demonstrate compliance with the State's budget laws.

##### (e) Cash and Equivalents

Cash and equivalents include amounts in demand deposits as well as certificates of deposit.

All deposits shall be fully secured by insurance of the FDIC or by obligations of New York State, obligations of federal agencies, the principal and interest of which is guaranteed by the United States, or obligations of New York State local governments.

##### (f) Capital Assets

The District values all purchased capital assets at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at estimated fair value as of the date received. Depreciation of capital assets is not required.

##### (g) Interfund Transfers

The operations of the District give rise to certain transactions between funds, including transfers to provide services and funding for purchase and construction of capital assets.

##### (h) Fund Equity

Reservations of fund balances are created either to satisfy legal restrictions or plan for future expenditures. Assignment of fund balances in governmental funds indicates the use of these resources in the ensuing year's budget or tentative plans for future use.

##### (i) Use of Estimates

In preparing financial statements in accordance with the accounting principles described above, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

##### (j) Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims, if any, from these risks have not exceeded commercial coverage.

## GREENWOOD LAKE JOINT FIRE DISTRICT

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (k) Subsequent Events

Management has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

#### (2) Stewardship, Compliance and Accountability

##### (a) Budgetary Data

General Fund Budget process:

- Prior to October 1<sup>st</sup> of each year the District Treasurer submits to the District Commissioners a proposed operating budget for the fiscal year commencing the following January 1<sup>st</sup>. The operating budget includes proposed expenditures and sources of financing.
- Public hearings are conducted to obtain taxpayers' comments.
- Prior to November 4<sup>th</sup>, the final Budget is adopted by the District Commissioners. The District Commissioners must approve all modifications of the budget.
- For year end financial reporting, adjustments are made to actual results to conform to the modified budget classifications.

Capital Projects Fund Budget process:

- Budgetary controls are established, by each project, for the Capital Projects Fund through resolutions authorizing individual projects which remain in effect for the life of the project.

##### (b) Expenditures in Excess of Budget

Certain individual budgetary expenditures accounts exceeded their budgetary authorizations in the general fund. The general fund total expenditures did not exceed its budgetary authorization.

#### (3) Cash and Investments

State statutes govern the District's investment policies. In addition, the District has its own written investment policy. The statutes and policies require that District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State.

Collateral is required for demand deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies as well as obligations of the State and its municipalities and school districts.

Deposits and investment at year-end were entirely covered by FDIC insurance and collateral held by the custodial bank.

GREENWOOD LAKE JOINT FIRE DISTRICT

Notes to Financial Statements, Continued

(4) Bond Anticipation Notes

Liabilities for bond anticipation notes (BANs) are generally accounted for in the Capital Projects fund. The original term or renewal thereof may not extend for more than five years from the date of issue unless a portion of the BAN is redeemed very twelve months.

State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the date of original issuance. However, BANs issued for assessable improvement projects may be renewed for a period equivalent to the maximum life of the permanent financing, provided that stipulated annual principal reductions are made.

At December 31, 2015 and 2014 there were not BANs outstanding.

At December 31, 2013 there were BANs outstanding of \$70,000 and \$100,000. The BANs, which were issued on April 8, 2013, bearing interest at 2.40% were repaid on April 7, 2014. The BANs were issued in connection with the acquisition of real properties.

(5) Long-term Debt

The District issued a Statutory Bond on August 1, 2013 to acquire an Engine/Pumper. The bond matures in annual installments of \$25,000 through August 1, 2023 and bears an interest rate of 2.99%. The changes in the District's long-term debt during the year ended December 31, 2015 is as follows:

	Balance at December 31, <u>2014</u>	New debt	Principal payments	Balance at December 31, <u>2015</u>	Amounts due within <u>one year</u>	Long- term
2013 Statutory Installment Bond	\$ <u>225,000</u>	<u>-</u>	(25,000)	<u>200,000</u>	<u>25,000</u>	<u>175,000</u>

Maturity - The following is a summary of the District's maturing debt service requirements:

<u>Year ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 25,000	5,980	30,980
2017	25,000	5,233	30,233
2018	25,000	4,485	29,485
2019	25,000	3,738	28,738
2020	25,000	2,990	27,990
2021 - 2023	<u>75,000</u>	<u>4,485</u>	<u>79,485</u>
Total	\$ <u>200,000</u>	<u>26,911</u>	<u>226,911</u>

## GREENWOOD LAKE JOINT FIRE DISTRICT

### Notes to Financial Statements, Continued

#### (6) Length of Service Awards Program

The District has established a defined benefit service award program (referred to as a “LOSAP” length of service award program, under Section 457(e)(11) of the Internal Revenue Code) effective January 1, 2009 for the active volunteer firefighter members of the Greenwood Lake Volunteer Fire Department, Inc. The program was established pursuant to Article 11-A of the New York State General Municipal Law. The program provides municipally-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The District is the sponsor of the program and the program administrator.

##### (a) Participation, Vesting and Service Credit

In a defined benefit LOSAP, participating volunteers begin to be paid a service award upon attainment of the program’s entitlement age. An eligible program participant is defined by the program sponsor to be an active volunteer firefighter who is at least 16 years of age and has earned one year of service credit. The amount of the service award paid to a participant is based upon the number of years of service credit the volunteer earned under the program for performing active volunteer firefighter activities.

Participants acquire a non-forfeitable right to a service award after earning five years of service credit or upon attaining the program’s entitlement age while an active volunteer. The program’s entitlement age is age 60. An active volunteer firefighter earns a year of service credit for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive service credit for five years of active volunteer firefighting service rendered prior to the establishment of the program as an active volunteer firefighter member of the Greenwood Lake Volunteer Fire Department, Inc.

##### (b) Benefits

A participant’s service award benefit is paid as a lifetime monthly payment. The amount payable each month equals \$20 multiplied by the total number of years of service credit earned by the participant under the point system. The maximum number of years of service credit a participant may earn under the program is 40 years. Currently, there are no other forms of payment of a volunteer’s earned service award under the program. Except in the case of pre-entitlement age death or total and permanent disablement, a participant’s service award will not be paid until he or she attains the entitlement age. Volunteers who are active after attaining entitlement age and who may have commenced receiving a service award have the opportunity to earn program credit and to thereby increase their service award payments. The pre-entitlement age death and disability

## GREENWOOD LAKE JOINT FIRE DISTRICT

### Notes to Financial Statements, Continued

#### (6) Length of Service Awards Program, Continued

##### (b) Benefits, Continued

benefit is equal to the present value of actuarial value of the participant's earned service awards at the time of death or disablement. The program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are self-insured and are paid from the program trust fund.

For a complete explanation of the program, see the program document, a copy which is available from the District secretary.

##### (c) Fiduciary Investment and Control

After the end of each calendar year, the Fire Department prepares and certifies a list of names of all persons who were active volunteer members of the Fire Department during the year and indicating which volunteers earned fifty points. The certified list is delivered to the Board of Fire Commissioners for the Board's review and approval. The Fire Department must maintain the point system records to verify each volunteer's points on forms provided and/or approved by the Board of Fire Commissioners.

The Board of Fire Commissioners has retained Penflex, Inc. to assist in the administration of the program. The services provided by Penflex, Inc. are contained in a separate agreement and are described in the following paragraphs.

Based on the certified calendar year volunteer firefighter listings Penflex, Inc. determines and certifies in writing to the Board of Fire Commissioners the amount of the service award to be paid to a participant or to a participant's designated beneficiary. As authorized by the Board of Fire Commissioners Penflex, Inc. directs the paying agent to pay the service award. No service award benefit payment is made without the written certification from Penflex, Inc. and the written confirmation to the Fire District.

Penflex, Inc. bills the District for the services it provides. Penflex, Inc.'s invoices are authorized for payment by the Board of Fire Commissioners in the same manner as any other invoice presented to the District for payment. The District pays Penflex, Inc.'s invoices from its general fund.

Program assets are required to be held in trust by Article 11-A, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The Board of Fire Commissioners created a service award program trust fund through the adoption of a trust document, a copy of which is available from the District secretary. The Board of Fire Commissioners is the program trustee.

Authority to invest the program assets is vested in the program trustee. Program assets are invested in accordance with a statutory prudent person rule and the written investment policy statement adopted by the Board of Fire Commissioners.

GREENWOOD LAKE JOINT FIRE DISTRICT

Notes to Financial Statements, Continued

(6) Length of Service Awards Program, Continued

(c) Fiduciary Investment and Control, Continued

The Board of Fire Commissioners has retained RBC Wealth Management to provide investment management and custodial services and Comerica Bank as paying agent (i.e. to pay benefits to participants).

The Board of Fire Commissioners is required to retain an actuary to determine the amount of the District's contribution to the plan. The actuarial firm retained by the District for this purpose is Penflex, Inc. Portions of the following information are derived from a report prepared by the actuary dated April 19, 2016.

(d) Program Financial Condition

Assets and Liabilities

Actuarial present value of accrued service awards as of December 31, 2015	\$ 496,694
Less assets available for benefits:	
Cash and short-term investments	12,880
U.S. equities	64,046
International equities	63,375
Fixed income	183,513
Mixed assets	80,513
Benefits payable	<u>1,140</u>
Total net assets available for benefits	\$ <u>405,467</u>
Total unfunded benefits	91,227
Less unfunded liability for separately amortized costs	<u>(91,227)</u>
Unfunded normal benefits	\$ <u>      -</u>

(e) Separately Amortized Costs

The remaining unfunded prior service costs are being amortized over 3 years at 5%. The unfunded liability for additional service awards earned after attainment of the entitlement age, is being amortized over 3 years at 5% from the year it is accrued. The rest of the unfunded program liability as of January 1, 2016 is being amortized over 15 years at 5%.

(f) Receipts and Disbursements - Unaudited

Plan net assets, January 1, 2015	\$ 367,842
Changes during the year:	
Sponsor contributions	73,772
Investment income earned	13,313
Changes in fair market value of investments	(32,337)
Investment expenses (RBC)	(3,116)
Administrative fees (Comerica)	(547)
Benefits paid/payable	<u>(13,460)</u>
Plan net assets, December 31, 2015	\$ <u>405,467</u>

GREENWOOD LAKE JOINT FIRE DISTRICT

Notes to Financial Statements, Continued

(6) Length of Service Awards Program, Continued

(g) Contributions

Contribution recommended by actuary	\$ 73,772
Actual contribution made by the sponsor	73,772

(h) Administration Fees

Fees paid to administrative/actuarial services provider	\$ 4,469
Fees paid for investment management (RBC)	3,116
Other administrative fees (Comerica)	547

(i) Funding Methodology and Actuarial Assumptions

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the Attained Age Normal Frozen Initial Liability method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

Assumed rates of return on program investment	5.00%
Tables used for:	
Post-entitlement age mortality:	1994 Uninsured Pensioner Male Mortality Table projected with scale AA to 2007
*Pre-entitlement age mortality	None
*Pre-entitlement age disability	None
*Pre-entitlement age withdrawal	None
*Pre-entitlement age service credit accruals	100%

\* For programs cost calculation purposes, all pre-entitlement age active volunteer firefighter participants are assumed to survive to the entitlement age, remain active and earn 50 points each year, and begin to be paid service awards upon attainment of the entitlement age.

(7) Related Parties

The Greenwood Lake Volunteer Fire Department, Inc. (the Fire Department) is a non-profit entity whose membership is made up of the volunteer firefighters that provide firefighting, rescue and fire prevention training for the District. Occasionally, the Fire Department may expend funds on behalf of the District and after complete and appropriate documentation is submitted and approved by the District, the District will reimburse the Fire Department. Generally, the District receives a check from New York State that represents the 2% foreign fire insurance premiums to which the Fire Department is entitled. The District deposits the check into its bank account and then writes a check to the Fire Department for the entire amount received. For 2015 and 2014, this check was sent directly to the Fire Department. Accordingly, it is not accounted for in the accompanying financial statements.

## GREENWOOD LAKE JOINT FIRE DISTRICT

### Notes to Financial Statements, Continued

#### (8) Commitments and Contingencies

In the normal course of operations, the District receives grant funds from various Federal and State agencies. The use of these funds is subject to audit by the various grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the use of the granted funds. Any liability for reimbursement which may arise as a result of any such audit is not believed to be material.

The District is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, unemployment claims, employee health and accident and environmental liability. The District purchases commercial insurance coverage to protect itself against the risks of loss to which it is exposed.

GREENWOOD LAKE JOINT FIRE DISTRICT  
 Required Supplementary Schedule  
 Schedule of Revenue and Expenditures - Budget and Actual - General Fund  
 Year ended December 31, 2015

	Original and final <u>budget</u>	<u>Actual</u>	Variance favorable (unfavorable) <u>final to actual</u>
Revenue:			
Real property taxes	\$ 880,828	880,828	-
Proceeds from sale of equipment	-	6,000	6,000
Interest and earnings	-	744	744
Miscellaneous	-	<u>3,391</u>	<u>3,391</u>
Total revenue	<u>880,828</u>	<u>890,963</u>	<u>10,135</u>
Expenditures:			
Personal services	20,900	13,400	7,500
Property and equipment	55,000	233,665	(178,665)
Contractual expenditures	264,500	234,758	29,742
Workers' compensation	70,000	74,252	(4,252)
LOSAP contribution	82,000	73,772	8,228
Debt service principal	25,000	25,000	-
Debt service interest	<u>6,728</u>	<u>6,728</u>	<u>-</u>
Total expenditures	524,128	661,575	(137,447)
Other uses - transfer from general fund to capital projects fund	<u>356,700</u>	<u>140,000</u>	<u>216,700</u>
Total expenditures and other uses	<u>880,828</u>	<u>801,575</u>	<u>79,253</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>89,388</u>	<u>89,388</u>

GREENWOOD LAKE JOINT FIRE DISTRICT  
 Supplementary Schedule of Equipment Expenditures  
 Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Equipment expenditures:		
Vacant property	\$ 167,167	-
Equipment	52,445	8,175
Bunker gear	13,447	10,020
Hoses	606	634
Vehicles	-	35,000
Pagers	-	3,585
	_____	_____
Total equipment expenditures	\$ 233,665	57,414

GREENWOOD LAKE JOINT FIRE DISTRICT  
 Supplementary Schedule of Contractual Expenditures  
 Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Contractual expenditures:		
Building rent and dispatching services	\$ 42,600	40,450
Insurance	40,953	40,784
Truck maintenance	28,835	40,205
Contracts	25,100	24,530
Legal fees	17,910	11,058
Utilities	12,227	12,375
Building maintenance	8,819	2,737
Physicals and fitness program	8,652	6,685
Hose, jaws, extinguisher and ladder testing	8,196	8,213
Audit fees	7,600	7,400
Gas and fuel	6,535	10,358
LOSAP administrative fees	4,469	4,192
Fire prevention expenses	3,459	3,211
Supplies	3,144	5,020
Miscellaneous expenses	2,882	1,392
Office expenses	2,774	1,408
IT services	2,270	5,278
Commissioner conferences and training expenses	2,216	3,072
Payroll related taxes and fees	2,183	3,634
Chief's expenses	1,448	965
Radio expenses	1,345	2,569
Boat docking fees	1,141	1,141
	<u>1,141</u>	<u>1,141</u>
Total contractual expenditures	<u>\$ 234,758</u>	<u>236,677</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Commissioners  
Greenwood Lake Joint Fire District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the General and Capital Projects Funds of Greenwood Lake Joint Fire District (the District), as of and for the year ended December 31, 2015, and the related notes to financial statements, which collectively comprise Greenwood Lake Joint Fire District's basic financial statements, and have issued our report thereon dated June 9, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests do not disclose instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York  
June 9, 2016

**APPENDIX C**

**FORM OF BOND COUNSEL OPINION**

June 7, 2017

The Board of Fire Commissioners of  
the Greenwood Lake Joint Fire District,  
in the Town of Warwick and the Village of Greenwood Lake,  
Orange County, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Greenwood Lake Joint Fire District, in the Town of Warwick and the Village of Greenwood Lake, Orange County (the "Fire District"), a district corporation of the State of New York in connection with the authorization, sale and issuance of the Fire District's \$5,350,000 Fire District Serial Bonds-2017 (the "Bonds"), dated and delivered on the date hereof.

We have examined a record of proceedings relating to the Bonds 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 on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds are valid and legally binding general obligations of the Fire District for which the Fire District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Fire District is subject to the levy of ad valorem real estate taxes to pay the Bonds and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to the Bonds 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 Bonds 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 Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations.

The Code establishes certain requirements which must be met subsequent to the issuance of the Bonds in order that the interest on the Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Bonds, restrictions on the investment of proceeds of the Bonds 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 Bonds to become subject to federal income taxation

retroactive to their date of issuance, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Bonds, the Fire District will execute a Tax Certificate with respect to the Bonds, containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the Fire 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 Bonds 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 Fire 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 Bonds, and (ii) compliance by the Fire District with the procedures and representations set forth in the Tax Certificate as to such tax matters.

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

Except as stated in paragraphs 2 and 3 above, we express no opinion regarding any other federal, state or local tax consequences with respect to the Bonds or the ownership or disposition thereof. Further, we express no opinion as to the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of the interest on the Bonds or under state and local tax law.

We render our opinion under existing statutes and court decisions as of the date of issuance of the Bonds, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement or Official Statement prepared in connection with the issuance of the Bonds, or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the Fire District which have been or may hereafter be furnished or disclosed to purchasers of ownership interest in said Bonds.

Very truly yours,

/s/ Hawkins Delafield & Wood LLP

**APPENDIX D**

**FORM OF CONTINUING DISCLOSURE UNDERTAKING**

## UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

### Section 1. Definitions

“Annual Information” shall mean the information specified in Section 3 hereof.

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

“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 Greenwood Lake Joint Fire District, in the Town of Warwick and the Village of Greenwood Lake, Orange County, New York, a district corporation of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

“Purchaser” shall mean the financial institution referred to in the Certificate of Award executed by the Fire District Treasurer as of May 24, 2017.

“Rule” shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

“Securities” shall mean the Issuer’s **\$5,350,000 Fire District Serial Bonds-2017**, dated June 7, 2017, maturing in various principal amounts on June 1 in each of the years 2018 to 2042, inclusive, and delivered on the date hereof.

Section 2. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York, 11776, to the EMMA System:

- (i) no later than six (6) months following the end of each fiscal year, commencing with the fiscal year ending December 31, 2017, the Annual Information relating to such fiscal year, together with audited financial statements of the Issuer for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be provided with the Annual Information no later than six (6) months following the end of each fiscal year, and audited financial statements, if any, shall be delivered

to the EMMA System within sixty (60) days after they become available and in no event later than one (1) year after the end of each fiscal year; provided further, however, that the unaudited financial statement shall be provided for any fiscal year only if the Village has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17 (a)(2) of the Securities Act of 1933; and

- (ii) in a timely manner, not in excess of ten (10) business days after the occurrence of 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; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(iii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof any Annual Information required by Section 3 hereof.

(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 material event except those events listed above.

Section 3. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Securities under the headings: "THE FIRE DISTRICT", "ECONOMIC AND DEMOGRAPHIC INFORMATION", "INDEBTEDNESS OF THE FIRE DISTRICT", "FINANCES OF THE FIRE DISTRICT", "TAX INFORMATION", and "LITIGATION" and in Appendix A.

(b) All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which are (i) available to the public on the EMMA System or (ii) filed with the SEC. If such a document is a final official statement, it also must be available from the EMMA System.

(c) Annual Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7(e) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Financial Statements. The Issuer's annual financial statements for each fiscal year, if prepared, shall be prepared in accordance with GAAP or New York State regulatory requirements as in effect from time to time. Such financial statements, if prepared, shall be audited by an independent accounting firm. The Issuer's Annual Financial Report Update Document prepared by the Issuer and filed annually with New York State in accordance with applicable law, shall not be subject to the foregoing requirements.

Section 5. 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 6. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with paragraph (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 7. 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 modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or
- (f) 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 7 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 8. 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 pursuant to 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.

In addition, this Agreement, or any provision hereof, shall be null and void in the event that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Securities, whether because such portions of the Rule are invalid, have been repealed, or otherwise.

Section 9. 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 10. 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 **June 7, 2017**.

By \_\_\_\_\_  
**FIRE DISTRICT TREASURER**