

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 8, 2018

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 under the Code. 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.

**ROCKY POINT FIRE DISTRICT
IN THE TOWN OF BROOKHAVEN
SUFFOLK COUNTY, NEW YORK**
(the “Fire District”)

\$8,500,000 FIRE DISTRICT SERIAL BONDS – 2018
(the “Bonds”)

SEE BOND MATURITY SCHEDULE HEREIN

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 New York Laws of 2011, as amended (the “Tax Levy Limit Law”). (See “Tax Levy Limit Law” herein).

The Bonds maturing on December 15, 2026 and thereafter are subject to redemption prior to maturity, at the option of the Fire District, on December 15, 2025, and thereafter on any date, in accordance with terms described herein. (See “Optional Redemption” under “THE BONDS,” herein.)

At the option of the purchaser, the Bonds may be either (i) registered to the purchaser or (ii) registered in the name of Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York (“DTC”) as book-entry bonds.

A single bond certificate shall be issued for each maturity of the Bonds registered in the name of the purchaser. Principal of and interest on such Bonds will be payable in Federal Funds by the Fire District, at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidder.

The Bonds issued in book-entry form will be issued as registered bonds, and, when issued, will be registered in the name of Cede & Co., as the partnership nominee for DTC, which will act as securities depository for the Bonds. Beneficial owners will not receive certificates representing their interest in the Bonds. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof. A single bond certificate will be issued for each maturity of the Bonds. Principal of and interest on said Bonds will be paid in Federal Funds by the Fire District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its Participants (as herein after defined) for subsequent distribution to the beneficial owners of the Bonds as described herein. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Fire District will not be responsible or liable for payments by DTC to its Participants or by Direct Participants (as hereinafter defined) to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. (See “Book-Entry-Only System” under “THE BONDS,” herein).

Proposals for the Bonds will be received at 11:00 A.M. (Prevailing Time) on January 17, 2018 at the offices 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 February 1, 2018 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.

**ROCKY POINT FIRE DISTRICT
IN THE TOWN OF BROOKHAVERN
SUFFOLK COUNTY, NEW YORK**

\$8,500,000 FIRE DISTRICT SERIAL BONDS – 2018

BOND MATURITY SCHEDULE

Dated: Date of Delivery

**Principal Due: December 15, 2019-2038 inclusive
Interest Due: December 15, 2018 and semi-annually
thereafter in each year to maturity**

<u>Amount</u>	<u>Maturity*</u>	<u>Rate</u>	<u>Price or Yield</u>	<u>CUSIP #</u>
\$ 375,000	2019			
400,000	2020			
400,000	2021			
400,000	2022			
400,000	2023			
400,000	2024			
400,000	2025			
400,000	2026**			
425,000	2027**			
450,000	2028**			
475,000	2029**			
475,000	2030**			
500,000	2031**			
500,000	2032**			
500,000	2033**			
400,000	2034**			
400,000	2035**			
400,000	2036**			
400,000	2037**			
400,000	2038**			

*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 21.00(d) of the Local Finance Law.

**Subject to redemption prior to maturity.

**ROCKY POINT FIRE DISTRICT
IN THE TOWN OF BROOKHAVEN,
SUFFOLK COUNTY, NEW YORK**

49 Route 25A
P.O. Box 370
Shoreham, NY 11786
Telephone: 631/744-4102
Fax: 631/744-8081

BOARD OF FIRE COMMISSIONERS

John Buchner, Chairman

David Brewer
Eugene Buchner
Anthony Gallino
Kirkwood Johnson

Edwin S. Brooks, Fire District Manager and Secretary
Robert Hauser, CPA, Treasurer

Fire District Attorney

William F. Glass Jr, Esq.
Port Jefferson, New York

* * *

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
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.

TABLE OF CONTENTS

	Page
THE BONDS	1
Description of the Bonds.....	1
Optional Redemption	2
Description of Book-Entry System	2
Certificated Bonds	4
Authorization and Purpose for the Bonds	4
Security and Source of Payment	4
REMEDIES UPON DEFAULT	4
NO DEFAULT STATE.....	5
BANKRUPTCY	6
THE FIRE DISTRICT	6
General Information	6
Form of Government.....	6
Employees.....	6
ECONOMIC AND DEMOGRAPHIC INFORMATION	7
Population Trends	7
Income Data	7
Unemployment Rate Statistics	7
INDEBTEDNESS OF THE FIRE DISTRICT	8
Statutory Procedure.....	8
Computation of Constitutional Debt Contracting Margin	10
Details of Short-Term Indebtedness Outstanding	10
Authorized But Unissued Debt	10
Trend of Outstanding Indebtedness.....	10
Calculation of Estimated Overlapping and Underlying Indebtedness	11
Debt Ratios	11
FINANCES OF THE FIRE DISTRICT.....	11
Financial Statements and Accounting Procedures.....	11
Investment Policy.....	11
Employee Pension System	12
Service Award Program	13
Budgetary Procedures	13
Basis of Accounting	13
Revenues	13
<i>Real Property Taxes</i>	13
Expenditures	13

TABLE OF CONTENTS - CONTINUED

	Page
TAX INFORMATION	14
Real Property Taxes	14
Tax Collection Procedure	14
Tax Levy Limit Law.....	14
Valuations, Rates and Levies	15
Selected Listing of Large Taxable Properties	16
LITIGATION	16
BONDHOLDER RISKS AND MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE	16
TAX MATTERS	17
Opinion of Bond Counsel.....	17
Certain Ongoing Federal Tax Requirements and Certifications.....	17
Certain Collateral Federal Tax Consequences	18
Original Issue Discount.....	18
Bond Premium	18
Information Reporting and Backup Withholding.....	19
Miscellaneous	19
LEGAL MATTERS	19
DISCLOSURE UNDERTAKING.....	19
BOND RATING	19
MUNICIPAL ADVISOR.....	20
ADDITIONAL INFORMATION	20
APPENDIX A: FINIANCIAL INFORMATION	
APPENDIX B: FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016	
APPENDIX C: FORM OF BOND COUNSEL OPINION	
APPENDIX D: FORM OF CONTINUING DISCLOSURE UNDERTAKING	

OFFICIAL STATEMENT
ROCKY POINT FIRE DISTRICT
IN THE TOWN OF BROOKHAVEN
SUFFOLK COUNTY, NEW YORK

\$8,500,000 FIRE DISTRICT SERIAL BONDS – 2018

This Official Statement and the appendices hereto present certain information relating to the Rocky Point Fire District (the "Fire District") in the Town of Brookhaven (the "Town"), in the County of Suffolk, in the State of New York (the "County" and "State," respectively) in connection with the sale of \$8,500,000 Fire District Serial Bonds – 2018 (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 December 15 in each of the years 2019 to 2038, inclusive, in the principal amounts as set forth on the inside cover page hereof. Interest on the Bonds will be payable on December 15, 2018 and semi-annually thereafter in each year to maturity.

At the option of the purchaser, the Bonds may be either (i) registered to the purchaser or (ii) registered in the name of Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry bonds.

A single bond certificate shall be issued for each maturity of the Bonds registered in the name of the purchaser. Principal of and interest on such Bonds will be payable in Federal Funds by the Fire District, at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidder.

The Bonds issued in book-entry form will be issued as registered bonds, and, when issued, will be registered in the name of Cede & Co., as the partnership nominee for DTC, which will act as securities depository for the Bonds. Beneficial owners will not receive certificates representing their interest in the Bonds. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof. A single bond certificate will be issued for each maturity of the Bonds. Principal of and interest on said Bonds will be paid in Federal Funds by the Fire District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its Participants (as herein after defined) for subsequent distribution to the beneficial owners of the Bonds as described herein. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Fire District will not be responsible or liable for payments by DTC to its Participants or by Direct Participants (as hereinafter defined) to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. (See "*Book-Entry-Only System*" under "*THE BONDS*," herein).

The Record Date of the Bonds will be the last business day of the month preceding each interest payment date.

The Fire District will act as Paying Agent for the Bonds issued in book-entry form. For those Bonds issued as certificated bonds, the purchaser will be, or named, Fiscal Agent. Fiscal Agent fees, if any, will be paid for by the purchaser. The Fire District's contact information is as follows: Robert Hauser, Fire District Treasurer, Rocky Point Fire District in the Town of Brookhaven, 49 Route 25A, P.O. Box 370, Shoreham, New York 11786, Phone (631) 744-4102, Fax (631) 744-8081 and email: roberthausercpa@hotmail.com.

Optional Redemption

The Bonds maturing on or before December 15, 2025 will not be subject to redemption prior to maturity. The Bonds maturing on December 15, 2026 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 December 15, 2025, 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.

Description of Book-Entry 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" and together with Direct Participant, the "Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of 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 for the Bonds

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 bond resolutions duly adopted by the Fire District Board of Commissioners on June 27, 2017, and approved as propositions by a majority of the qualified voters of the Fire District present and voting thereon at the Fire District's Special Election held on August 8, 2017, authorizing the issuance of bonds in the amount of \$7,250,000 for the demolition of the existing fire station and the construction of a new fire station at 90 King Road, Rocky Point and \$1,250,000 for the acquisition of a new aerial ladder apparatus for use by the Fire District.

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 apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This 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, 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 is a duly chartered and incorporated fire department/ambulance company in the state of New York with facilities located at 14 Hallock Landing Road, Rocky Point, New York, 90 King Road, Rocky Point, New York, and 47 Route 25A, Shoreham, New York. The Fire District serves the general area of Rocky Point and Shoreham.

The Fire District covers about 48 square miles including Rocky Point, Shoreham, Incorporated Village of Shoreham and 6,800 acres of New York State Forest Preserve. On the north side of the Fire District, is 7 miles of beach front on the Long Island Sound. Rocky Point is located 65 miles east of New York City on Long Island's Eastern North Shore. The Fire District serves a population of about 30,000 residents for Fire and Ambulance service. The Rocky Point Fire Department has 3 Stations: Station 1 is Rocky Point Co.#1 located on the west side of the District, Station 2 is North Shore Beach Co.#2 Located in the central part of the District and Station 3 is Shoreham Co.#3 located on the East Side of the District.

Form of Government

The Fire District is governed by a five-member Board of Fire Commissioners who are elected to five year terms on a staggered basis. The Chairman of the Board is elected by the Commissioners at the Organization Meeting each year within the first fifteen days in January, and at which time a Secretary and a Treasurer are appointed by the Board. A volunteer force is responsible for the operation of the equipment and apparatus.

Employees

The Fire District has 11 full-time employees and 47 part-time employees, none of which are represented by a union.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

The following table sets forth population statistics for the Town, the County and the State.

<u>Year</u>	<u>Town of Brookhaven</u>	<u>County of Suffolk</u>	<u>State of New York</u>
1990	397,014	1,321,977	17,990,455
2000	448,248	1,419,369	18,976,457
2010	486,040	1,493,350	19,378,102
2016	486,596	1,492,583	19,745,289

Source: U.S. Census Bureau.

Income Data

Income Data is not available for the Fire District as such. The smallest area for which such statistics are available (which includes the Fire District) is the Town of Brookhaven. The information set forth below with respect to such Town and the County of Suffolk and the State is included for information 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 or the County or the State or vice versa.

	<u>Per Capita Money Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2016^a</u>
Town of Brookhaven	\$16,726	\$24,191	\$32,663	\$36,440
County of Suffolk	18,481	26,577	35,411	40,253
State of New York	16,501	23,389	30,791	35,534

	<u>Median Household Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2016^a</u>
Town of Brookhaven	\$47,074	\$62,475	\$81,654	\$89,268
County of Suffolk	49,128	65,288	84,235	92,933
State of New York	32,965	43,393	55,217	62,909

Source: United States Bureau of the Census

a. Based on American Community Survey 1-Year Estimate (2016)

Unemployment Rate Statistics

Unemployment statistics are not available for the Fire District as such. The information set forth below with respect to the Town, the County and the State is included for information 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 the State or vice versa.

<u>Annual Averages:</u>	<u>Town of Brookhaven (%)</u>	<u>Suffolk County (%)</u>	<u>New York State (%)</u>
2013	6.5	6.5	7.7
2014	5.3	5.3	6.4
2015	4.8	4.8	5.3
2016	4.4	4.3	4.8
2017 (10 Month Average)	4.4	4.4	4.6

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 in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the periods of probable usefulness of the objects or purposes as determined by statute or in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the 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 requirement with respect to the bond resolutions 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 New York 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 Constitutional Debt Contracting Margin
(As of January 8, 2018)

<u>In Towns of:</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate (%)</u>	<u>Full Valuation</u>
Brookhaven (2016-2017) ^a	\$20,825,208	0.91	<u>\$2,288,484,396</u>
Debt Limit - 3% of Full Valuation			\$68,654,532
Inclusions:			
Outstanding Bonds			\$0
Bond Anticipation Notes			<u>0</u>
Total Indebtedness			<u>0</u>
Exclusions			<u>0</u>
Total Net Indebtedness Before Issuing the Bonds			<u>0</u>
The Bonds			8,500,000
Less: BANs to be redeemed by Issuance of the Bonds			0
Net Effect of the Bonds			<u>8,500,000</u>
Total Net Indebtedness After Issuing the Bonds			<u>8,500,000</u>
Net Debt Contracting Margin			<u><u>\$60,154,531.87</u></u>
Per Cent of Debt Contracting Margin Exhausted			12.38%

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

Details of Short-Term Indebtedness Outstanding
(As of January 8, 2018)

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

Authorized but Unissued Debt

On August 8, 2017, the voters of the Fire District approved two bond resolutions authorizing the demolition of the existing fire station, the construction of a new fire station and the acquisition of a new aerial ladder apparatus. The bonds are being issued pursuant to this authorization.

Trend of Outstanding Indebtedness

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Bonds:	\$0	\$0	\$0	\$0	\$0
BANs:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding:	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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 Suffolk	10/03/2017	0.29	\$ 5,138,772	\$ 3,952,388
Town of Brookhaven	04/13/2017	4.54	31,976,886	27,005,359
Rocky Point UFSD	08/11/2017	100.00	<u>19,640,000</u>	<u>6,874,000</u>
Totals			<u><u>\$56,755,658</u></u>	<u><u>\$37,831,747</u></u>

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

Debt Ratios
(As of January 8, 2018)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage of Full Value (%)^b</u>
Total Direct Debt	\$ 0	\$ 0	0.000
Net Direct Debt	0	0	0.000
Total Direct & Applicable Total Overlapping Debt	56,755,658	1,892	2.480
Net Direct & Applicable Net Overlapping Debt	37,831,748	1,261	1.653

- a. The current estimated population of the Fire District is 30,000.
- b. The full valuation of taxable real property in the Fire District is \$2,288,484,396.

FINANCES OF THE FIRE DISTRICT

Financial Statements and Accounting Procedures

The Financial Statements of the Fire District are audited annually by an independent public accountant. For the fiscal year ending 2016, the audit was performed by the firm Cullen & Danowski, LLP. A copy of such audit is attached hereto as Appendix B.

Investment Policy

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

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

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

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

Employee Pension System

Fire District participates in the New York State and Local Employees’ Retirement System (the “Retirement System” or “ERS”). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the “Retirement System Law”). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service, except Tier 6 employees whose benefits vest after 10 years, as discussed below. The Retirement System Law generally provides that all participating employers in the Retirement Systems are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 must contribute three percent of their gross annual salary towards the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary.

On December 10, 2009, the Governor signed into law the creation of the Tier 5 pension project, which was effective for ERS employees hired after January 1, 2010 and before April 1, 2012. ERS employees in Tier 5 contribute 3% of their salaries. There is no provision for these contributions to cease for Tier 5 employees after a certain period of service.

Additionally, on March 16, 2012, the Governor signed into law the new Tier 6 pension program, effective for new ERS employees hired after April 1, 2012. Tier 6 provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier 6 employees will vest in the Retirement System after ten years of employment and will continue to make employee contributions throughout employment.

As a result of significant capital market declines in the recent past, in certain years the State’s Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, it is anticipated that the employer contribution rate for the State’s Retirement System in future years may be higher than the minimum contribution rate established under applicable law. Since 2010, various forms of legislation have been enacted to allow local governments and school districts the option of amortizing required contributions to the Retirement System. However, although these options reduce near term payments, it will require higher than normal contributions in later years. The Fire District has decided not to amortize any payments to the Retirement System.

The Fire District is required to contribute an actuarially determined rate. The Fire District’s contributions made to the System were equal to 100% of the contributions required for each year. The required contributions for the five most recently completed fiscal years and the amounts budgeted for the 2017 and 2018 fiscal years are as follows:

<u>Fiscal Year Ending</u> <u>December 31:</u>	<u>ERS</u>
2012	\$140,167
2013	178,098
2014	157,997
2015	169,293
2016	138,856
2017 (Budgeted)	200,000
2018 (Budgeted)	150,000

Service Award Program

Active volunteer firefighters who have reached the age of 18 and who have completed one (1) year of firefighting service are eligible to participate in the Fire District's Length of Service Award Program, which is a form of pension for qualifying volunteer firefighters. Participants acquire a non-forfeitable right to a service award after being credited with five (5) years of firefighting service or upon attaining the program's entitlement age while an active volunteer. The program's entitlement age is 55 and completion of 1 year of service. An active volunteer firefighter is credited with a year of firefighting service 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 credit for five (5) years of active volunteer firefighting service rendered prior to the establishment of the program.

A participant's benefit under the program is the actuarial equivalent of a monthly payment for life equal to \$20 multiplied by the person's total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed 37, and except in the case of disability or death, benefits are payable when as participant reaches entitlement age. The program provides statutorily mandated death and disability benefits.

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 tentative budget each year and furnishes a copy to each member of the Board of Commissioners. The Board of Commissioners reviews the tentative 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 tentative Town of Brookhaven 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 is subject to the provisions of Chapter 97 of the New York 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).

Basis of Accounting

The financial statements of the Fire District are audited annually by an independent public accountant. For the fiscal year ending December 31, 2016, the audit was performed by the firm Cullen & Danowski, LLP. A copy of such report is attached hereto as Appendix B hereto.

The Fire District complies with the Uniform System of Accounts as prescribed by the Department of Audit and Control of the State of New York. This system conforms with generally accepted accounting principles as promulgated in the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in "Government Accounting, Auditing and Financial Reporting" (GAFFR), published by the National Committee on Government Accounting.

The Statements of Revenues, Expenditures and Changes in Fund Balances presented in Appendix A of this Statement are based on the Audited Financial Statements for the 2012-2016 fiscal years.

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 and the budgeted amounts for 2017 and 2018 may be found in Appendix A.

Real Property Taxes

See "*Tax Information*", herein.

Expenditures

A summary of such Expenditures for the five most recently completed fiscal years and the budgeted amounts for 2017 and 2018 may be found in Appendix A.

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 Brookhaven. 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. However, the Tax Levy Limit Law imposes a statutory limitation on the Fire District's power to increase its annual tax levy. As a result, the power of the Fire District to levy real estate taxes on all the taxable real property within the Fire District is subject to statutory limitations set forth in Tax Levy Limit Law.

The following table sets forth the percentage of the Fire District's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2012 through 2016, inclusive and the budget amounts for 2017 and 2018 fiscal years.

Fiscal Year Ending <u>December 31:</u>	<u>Total Revenue</u>	Real Property <u>Taxes^a</u>	Real Property Taxes to <u>Revenues (%)</u>
2012	\$3,599,779	\$3,383,169	93.98
2013	3,706,450	3,454,507	93.20
2014	3,735,929	3,522,114	94.28
2015	3,851,366	3,585,566	93.10
2016	3,862,957	3,620,309	93.72
2017 (Budgeted)	4,295,851	3,625,346	84.39
2018 (Budgeted)	4,681,726	4,211,221	89.95

a. The Town levies and collects taxes on behalf of the Fire District.

Tax Collection Procedure

Fire District taxes are collected by the Town Receiver of Taxes, and are payable in two installments, with the first installment payable from December 1st to January 10th without penalty. After January 10th, a 1% penalty is applied and an additional 1% penalty is added for each 30 days or part thereof that taxes remain unpaid, up to a maximum of 5%. Second half taxes are due May 1st, payable without penalty to May 31st, after which the same penalties apply. After May 31st, the Town Receiver of Taxes, having remitted all Town, Special District and Fire District taxes, turns over the collection of any unpaid taxes to the County Treasurer. As the Fire District receives the full amount of its taxes from the Town Receiver of Taxes, the Fire District is not aware of any uncollected taxes due.

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the New York Laws of 2011, as amended (the "*Tax Levy Limit Law*") all the taxable real property within the 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.

Valuations, Rates and Levies

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Town of Brookhaven:					
Assessed Valuation	\$21,350,931	\$21,163,943	\$21,106,660	\$20,753,783	\$20,825,208
Equalization Rate	0.91%	0.95%	0.95%	0.95%	0.91%
Full Valuation	2,346,256,154	2,227,783,474	2,221,753,684	2,184,608,737	2,288,484,396
Tax Levy	\$3,454,507	\$3,522,114	\$3,585,566	\$3,620,039	\$3,625,517

Source: The Town of Brookhaven

Selected Listing of Large Taxable Properties
2016-17 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Long Island Power Authority	Utility	\$750,481
In Towne Shopping Center	Shopping Center	210,000
Rocky Point Owners, Inc.	Apartments	123,781
Milrock, Inc.	Shopping Center	108,000
Public Storage Inc.	Storage	60,000
Miller Family Limited	Commercial	75,000
Jeetish Management, Inc.	Commercial	33,100
HKDG, Inc.	Commercial	30,415
KOTA Realty, Inc.	Real Estate	20,200
Verizon	Utility	50,196
Beloit Group, Inc.	Commercial	15,600
	Total ^a	<u><u>\$1,476,773</u></u>

a. Represents 7.09% of the 2016-17 Assessed Valuation of the Fire District.

LITIGATION

In 2016 the District received a copy of a Notice of Claim for a wrongful death action. That Notice was only against the County of Suffolk and its Police Department. Suffolk County is actively defending the action and, to date, the Fire District is not a party. Accordingly, there should be no fiscal impact on the Fire District.

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 claims or actions pending in which the Fire District has not asserted and/or has the ability to assert a substantial and adequate defense, nor which, if determined against the Fire District, would have an substantial 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 under the Code. 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 (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Bonds. In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth on the cover page of the 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.

BOND RATING

The Fire District has applied to S&P Global Ratings ("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. 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 Robert Hauser, Fire District Treasurer, Rocky Point Fire District in the Town of Brookhaven, 49 Route 25A, PO Box 370, Shoreham, New York 11786, Phone (631) 744-4102, Fax (631) 744-8081 and email: roberthausercpa@hotmail.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. 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 refunding bond resolution of the Fire District which delegate to the Fire District Treasurer the power to sell and issue the Bonds.

ROCKY POINT FIRE DISTRICT, NEW YORK

By ROBERT HAUSER
Fire District Treasurer and Chief Fiscal Officer
Rocky Point Fire District in the Town of Brookhaven
Shoreham, New York

January , 2018

APPENDIX A

FINIANCIAL INFORMATION

Statement of Revenues, Expenditures & Changes in Fund Balance

General Fund

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues					
Real Property Taxes	\$ 3,383,169	\$ 3,454,507	\$ 3,522,114	\$ 3,585,566	\$ 3,620,309
PILOT Revenue				25,082	29,862
Contract Income	129,782	129,782	132,229	134,292	135,272
Interest and Earnings	4,087	3,960	2,915	2,730	2,716
Rentals	64,929	62,385	66,643	65,567	58,910
Sale of Equipment	7,200	6,259	3,210	5,200	1,052
Insurance Recoveries	9,607	36,542	4,937	26,622	550
Refund of Prior Year's Expenditures				225	
Miscellaneous	1,005	13,015	3,881	6,082	14,286
	<u>3,599,779</u>	<u>3,706,450</u>	<u>3,735,929</u>	<u>3,851,366</u>	<u>3,862,957</u>
Expenditures					
Personal Services	1,034,592	1,039,921	1,034,664	1,123,182	1,166,285
Equipment & Capital Outlay	199,469	216,968	116,081	121,211	322,059
Fire Protection	1,182,259	1,234,134	1,198,415	1,193,265	1,277,267
State Retirement System	130,973	168,615	168,453	166,269	146,465
Service Award Program	254,700	261,700	263,900	237,100	379,000
Social Security	79,951	79,494	77,919	85,384	89,231
Workers' Compensation Insurance	158,348	156,394	154,256	173,916	189,413
Life Insurance	121,363	112,707	122,974	124,718	135,634
Unemployment Insurance	5,310	5,658	6,690	8,989	7,805
Disability Insurance	3,052	1,802	1,550	1,318	1,660
Medical and Accident Insurance	263,305	290,573	301,981	294,502	303,579
	<u>3,433,322</u>	<u>3,567,966</u>	<u>3,446,883</u>	<u>3,529,854</u>	<u>4,018,398</u>
Other Sources (Uses)					
Operating Transfers In	121,000	300,000	150,000		450,000
Operating Transfers Out	<u>(121,000)</u>	<u>(300,000)</u>	<u>(150,000)</u>		<u>(450,000)</u>
	0	0	0	0	0
Excess (Deficiency) of Revenues Over Expenditures & Other Uses	<u>166,457</u>	<u>138,484</u>	<u>289,046</u>	<u>321,512</u>	<u>(155,441)</u>
Net Change in Fund Balances	166,457	138,484			
Fund Equity Beginning of Year	<u>1,392,815</u>	<u>1,559,272</u>	<u>1,697,756</u>	<u>1,986,802</u>	<u>2,308,314</u>
Fund Equity End of Year	<u>\$ 1,559,272</u>	<u>\$ 1,697,756</u>	<u>\$ 1,986,802</u>	<u>\$ 2,308,314</u>	<u>\$ 2,152,873</u>

Note: This Schedule is NOT Audited.

Source: Audited Annual Financial Reports (2012-2016)

Balance Sheet
General Fund
Fiscal Year Ended December 31:

	<u>2015</u>	<u>2016</u>
ASSETS:		
Unrestricted Cash	\$ 1,555,743	\$ 1,196,548
Restricted Cash	931,991	1,110,866
Accounts Receivable	1,032	
Prepaid Expenses	<u>42,323</u>	<u>34,714</u>
	<u>\$ 2,531,089</u>	<u>\$ 2,342,128</u>
 LIABILITIES:		
Accounts Payable	\$ 182,214	\$ 115,247
Accrued Liabilities	40,561	44,223
Deferred Inflows of Resources		<u>29,785</u>
Total Liabilities	<u>222,775</u>	<u>189,255</u>
 FUND EQUITY:		
Nonspendable	42,323	34,714
Restricted	931,991	1,110,866
Assigned	318,355	459,585
Unassigned	<u>1,015,645</u>	<u>547,708</u>
Total Fund Equity	<u>2,308,314</u>	<u>2,152,873</u>
Total Liabilities and Fund Equity	<u>\$ 2,531,089</u>	<u>\$ 2,342,128</u>

Note: This Schedule is NOT Audited.

Source: Audited Annual Financial Report (2015-2016)

BUDGET SUMMARIES

Fiscal Years Ending December 31:

	<u>2017</u>	<u>2018</u>
Revenues:		
Real Property Taxes	\$ 3,625,346	\$ 4,211,221
Fire Protection to Other Districts	145,000	145,000
Interest and Earnings	1,500	1,500
Rentals	57,500	57,500
PILOT Payments	29,000	29,000
Appropriated Fund Balance	<u>437,505</u>	<u>237,505</u>
	<u>\$ 4,295,851</u>	<u>\$ 4,681,726</u>
Expenditures:		
Personal Services	\$ 1,240,000	\$ 1,340,000
Equipment	87,500	87,500
Contractual Expenditures	1,362,200	1,382,200
State Retirement System	200,000	150,000
Service Awards	425,000	425,000
Social Security	110,151	110,151
Worker's Compensation Insurance	190,000	210,000
Life Insurance	125,000	125,000
Unemployment Insurance	6,000	6,000
Disability Insurance	3,000	3,000
Hospital, Medical & Accident Ins.	397,000	397,000
Interest on Bonds		295,875
Transfer to Other Funds	<u>150,000</u>	<u>150,000</u>
Total Expenditures	<u>\$ 4,295,851</u>	<u>\$ 4,681,726</u>

Source: Adopted Budgets of the Fire District.

ROCKY POINT FIRE DISTRICT

APPENDIX B

**FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016**

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.

Rocky Point Fire District
Financial Statements (Regulatory Basis)
with Independent Auditor's Report
December 31, 2016

ROCKY POINT FIRE DISTRICT
Table of Contents
December 31, 2016

	<u>Page</u>
Independent Auditor's Report	1
Basic Financial Statements (Regulatory Basis)	
Balance Sheet – General Fund and Account Groups	3
Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund	4
Statement of Fiduciary Net Position – Fiduciary Fund	5
Notes to Financial Statements	6
Other Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund – Operating	23
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24

INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners
Rocky Point Fire District
Rocky Point, New York

Report on Financial Statements

We have audited the accompanying financial statements (regulatory basis) of the Rocky Point Fire District, as of and for the year ended December 31, 2016, and the related notes to the 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 the financial reporting provisions of the New York State Office of the State Comptroller, as described in Note 1, to meet the reporting requirements of New York State. Management is also responsible for 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 audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit 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 entity'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 entity'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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Rocky Point Fire District, on the basis of the financial reporting provisions of the New York State Office of the State Comptroller, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the New York State Office of the State Comptroller.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Rocky Point Fire District, as of December 31, 2016, and the respective changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each fund and account group of the Rocky Point Fire District, as of December 31, 2016, and their respective changes in financial position for the year then ended, in accordance with the financial reporting provisions of the New York State Office of the State Comptroller as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rocky Point Fire District's basic financial statements. The other supplementary information on page 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relates 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2017, on our consideration of the Rocky Point Fire District's internal control over financial reporting and 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 the 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 Rocky Point Fire District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

May 16, 2017

ROCKY POINT FIRE DISTRICT
Balance Sheet - General Fund and Account Groups
December 31, 2016

	Account Groups			Total
	General Fund	Non-Current Governmental Assets	Non-Current Governmental Liabilities	
ASSETS				
Cash				
Unrestricted	\$ 1,196,548	\$	\$	\$ 1,196,548
Restricted	1,110,866			1,110,866
Prepays	34,714			34,714
Land		73,000		73,000
Buildings and improvements		1,757,320		1,757,320
Equipment		12,190,180		12,190,180
Amount to be provided for retirement of long-term debt			1,124,897	1,124,897
Total Assets	2,342,128	14,020,500	1,124,897	17,487,525
DEFERRED OUTFLOWS OF RESOURCES				
Pensions		561,343		561,343
Total Assets and Deferred Outflows of Resources	\$ 2,342,128	\$ 14,581,843	\$ 1,124,897	\$ 18,048,868
LIABILITIES				
Accounts payable	\$ 115,247	\$	\$	\$ 115,247
Accrued liabilities	44,223			44,223
Compensated absences payable			153,370	153,370
Other postemployment benefits payable			223,233	223,233
Net pension liability - proportionate share			646,488	646,488
Total Liabilities	159,470	-	1,023,091	1,182,561
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	29,785			29,785
Pensions			101,806	101,806
Total Deferred Inflows of Resources	29,785	-	101,806	131,591
FUND BALANCE				
Investment in non-current governmental assets		14,581,843		14,581,843
Nonspendable	34,714			34,714
Restricted:				
Employee benefit accrued liability	173,179			173,179
Capital, equipment	510,542			510,542
Capital	417,168			417,168
Capital, building	9,977			9,977
Assigned:				
Appropriated fund balance	437,505			437,505
Unappropriated fund balance	22,080			22,080
Unassigned: Fund balance	547,708			547,708
Total Fund Balance	2,152,873	14,581,843	-	16,734,716
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 2,342,128	\$ 14,581,843	\$ 1,124,897	\$ 18,048,868

See Notes to Financial Statements

ROCKY POINT FIRE DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund
For the Year Ended December 31, 2016

	Operating	Capital Reserve	Total
REVENUES			
Real property taxes	\$ 3,620,309	\$	\$ 3,620,309
PILOT revenue	29,862		29,862
Contract income	135,272		135,272
Interest and earnings	2,374	342	2,716
Rentals	58,910		58,910
Sale of equipment	1,052		1,052
Insurance recoveries	550		550
Miscellaneous	14,286		14,286
	<u>3,862,615</u>	<u>342</u>	<u>3,862,957</u>
Total Revenues			
EXPENDITURES			
Personal services	1,166,285		1,166,285
Equipment and capital outlay	50,547	271,512	322,059
Fire protection contractual	1,277,267		1,277,267
State retirement system	146,465		146,465
Service award program	379,000		379,000
Social security	89,231		89,231
Workers' compensation	189,413		189,413
Life insurance	135,634		135,634
Unemployment insurance	7,805		7,805
Disability insurance	1,660		1,660
Medical and accident insurance	303,579		303,579
	<u>3,746,886</u>	<u>271,512</u>	<u>4,018,398</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over Expenditures	<u>115,729</u>	<u>(271,170)</u>	<u>(155,441)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	450,000	450,000
Operating transfers (out)	<u>(450,000)</u>	<u>-</u>	<u>(450,000)</u>
Total Other Financing Sources (Uses)	<u>(450,000)</u>	<u>450,000</u>	<u>-</u>
Net Change in Fund Balances	<u>(334,271)</u>	<u>178,830</u>	<u>(155,441)</u>
Fund Balance - Beginning of Year	<u>1,549,457</u>	<u>758,857</u>	<u>2,308,314</u>
Fund Balance - End of Year	<u>\$ 1,215,186</u>	<u>\$ 937,687</u>	<u>\$ 2,152,873</u>

ROCKY POINT FIRE DISTRICT
Statement of Fiduciary Net Position - Fiduciary Fund
December 31, 2016

	<u>Trust and Agency</u>
ASSETS	
Service award program assets	<u>\$ 3,946,539</u>
Total Assets	<u><u>\$ 3,946,539</u></u>
LIABILITIES	
Service awards	<u>\$ 3,946,539</u>
Total Liabilities	<u><u>\$ 3,946,539</u></u>

ROCKY POINT FIRE DISTRICT
Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Rocky Point Fire District (District), as of and for the year ended December 31, 2016, have been prepared in accordance with the financial reporting provisions of the New York State Office of the State Comptroller, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing GAAP for governmental units. The financial statements of the District have been prepared using only the modified accrual basis of accounting. This method differs from GAAP, which requires the preparation of additional financial statements using the accrual basis of accounting. The accrual basis financial statements require the capitalization and depreciation of property and equipment and the recording of long-term liabilities. Under the modified accrual basis of accounting, property and equipment are recorded as an expenditure when purchased, the proceeds of long-term debt are reported as other financing sources and the payments of long-term debt and other long-term liabilities are recognized as expenditures to the extent that the liabilities mature during the year. In addition, GAAP requires the financial statements to be prepared in accordance with (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB 34 financial statements require the presentation of government-wide financial statements and management's discussion and analysis. The accounting practices used to prepare these financial statements do not require compliance with GASB 34.

The significant accounting policies of the District are described below:

A. Financial Reporting Entity

The District is a district corporation and political subdivision of the state of New York, distinct from the municipalities in which it is located. In general, the District is governed by an elected board of fire commissioners (Board) and is required to have a treasurer and a secretary. The District has the legal authority to levy taxes on real property and to borrow in its own name. The District is governed by General Municipal Law and other laws of the state of New York and its subdivisions. The scope of activities included in the accompanying financial statements is the transactions which comprise the District's operations.

The primary function of the District is to provide fire-protection, rescue and emergency services to the community. Services such as firefighting, fire prevention and public education support the primary function.

The financial reporting entity includes all funds, functions and organizations over which the District's Board exercises oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

B. Basis of Presentation

Fund Financial Statements

The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to assist management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

ROCKY POINT FIRE DISTRICT
Notes to Financial Statements
(Continued)

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

Governmental Funds

Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is based upon determination of financial position and changes in financial position. The District utilizes the following governmental fund type:

General Fund - the general fund is the principal operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in a trustee or custodial capacity.

Trust and Agency Fund - the trust and agency fund is used to account for money (and/or property) received and held in the capacity of trustee, custodian, or agent.

Account Groups

Account groups are used to establish accounting control and accountability for the District's capital assets and general long-term obligations. Account groups are not "funds". They are concerned only with the measurement of financial position, and not with the results of operations. The District utilizes the following account groups:

Non-Current Governmental Assets Account Group - the non-current governmental assets account group is used to account for land, buildings, improvements and equipment owned by the District. Also included are deferred outflows of resources related to pensions.

Non-Current Governmental Liabilities Account Group - the non-current governmental liabilities account group is used to account for all long-term debt and other obligations of the District, as well as deferred inflows of resources related to pensions.

C. Measurement Focus and Basis of Accounting

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, compensated absences, and other postemployment benefits, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Real Property Taxes

Real property taxes are levied annually by the District no later than November 1st and become a lien on December 1st. The District's tax levy is collected by the Town of Brookhaven and then remitted to the District generally from January to June. The County of Suffolk is responsible for all uncollected taxes.

ROCKY POINT FIRE DISTRICT
Notes to Financial Statements
(Continued)

E. Use of Estimates

The preparation of financial statements in conformity with a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including compensated absences and other postemployment benefits.

F. Cash

Cash consists of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

G. Prepaid Items

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as assets on the Balance Sheet using the consumption method. Under the consumption method, a current asset for the prepaid item is recorded at the time of receipt and/or purchase and an expenditure is reported in the year the goods or services are consumed.

A portion of fund balance has been classified as nonspendable to indicate that prepaids do not constitute available spendable resources.

H. Capital Assets

Capital assets are reported in the non-current governmental assets account group at original cost, when the information is available, or estimated historical cost based on professional third-party information. The capital threshold, the dollar value above which asset acquisitions are added to the capital assets accounts, is \$1,000 for all assets.

I. Deferred Outflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. Deferred outflows of resources, in the non-current governmental assets account group, relates to pensions and consists of the District's proportionate share of changes in the collective net pension liability of the retirement system not included in the collective pension expense and District contributions to the retirement system subsequent to the measurement date.

J. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. First is property taxes and assessments received before

ROCKY POINT FIRE DISTRICT
Notes to Financial Statements
(Continued)

the period for which they are levied or assessed. They are recognized as revenue in the year for which they are levied or assessed, which will be the subsequent year. The second item is related to pensions reported in the non-current governmental liabilities account group, which consists of the District's proportionate share of changes in the collective net pension liability of the retirement system not included in the collective pension expense.

K. Employee Benefits – Compensated Absences

Compensated absences consist of unpaid accumulated sick leave and vacation time.

Sick leave eligibility and accumulation is specified in individual employment contracts, employee handbook and District policy. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated time.

Vacation eligibility and accumulation is specified in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods. Employees are compensated for unused accumulated vacation leave through paid time off or cash payment upon retirement, termination or death.

The liability for compensated absences has been calculated using the vesting method and accrual for that liability is included in the non-current governmental liabilities account group. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund financial statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by December 31st.

L. Other Benefits

Eligible District employees participate in the New York State and Local Employees' Retirement System.

Eligible volunteer firefighters EMS and ambulance volunteers participate in the District sponsored Length of Service Award Program.

The District provides health insurance coverage for active employees pursuant to collective bargaining agreements, individual employment contract, employee handbook and District policy.

In addition to providing these benefits, the District provides postemployment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements, individual employment contracts, employee handbook and District policy determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits and survivor's benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of health insurance premiums as an expenditure in the general fund as the liabilities for premiums mature (come due for payment). In the non-current governmental liabilities account group, the cost of postemployment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 45.

ROCKY POINT FIRE DISTRICT
Notes to Financial Statements
(Continued)

M. Fund Balance

The governmental fund statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used, as follows:

Nonspendable – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of prepaids.

Restricted – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Employee Benefit Accrued Liability Reserve

Employee Benefit Accrued Liability Reserve (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund.

Capital Reserve

A Capital Reserve (General Municipal Law Section 6-g) is used to finance all or part of the costs of construction, reconstruction, or acquisition of "specific" or "type" capital improvements or equipment. The establishment of any capital reserve is subject to mandatory referendum (voter approval). Expenditures from a "specific" reserve require a resolution by the Board of Fire Commissioners. Expenditures from a "type" reserve require a resolution by the Board of Fire Commissioners, subject to permissive referendum.

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the District's Board of Commissioners. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

Unassigned – represents the residual classification for the District's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board of Fire Commissioners if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board of Fire Commissioners.

ROCKY POINT FIRE DISTRICT
Notes to Financial Statements
(Continued)

The Board of Fire Commissioners shall retain the authority to assign fund balance.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g., expenditures related to reserves) the expenditure is to be spent first from the restricted fund balance to the extent that an approved permissive referendum is in place or the reserve has been appropriated by the Board of Fire Commissioners, and then from the unrestricted fund balance. Expenditures incurred in the unrestricted fund balances shall be applied first to the assigned fund balance to the extent that there is an assignment and then to the unassigned fund balance.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

The District administration prepares a proposed budget for approval by the Board for the general fund, the only fund with a legally adopted budget. Budgets are adopted annually on the modified accrual basis of accounting.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. A summary of the general fund operating budget is as follows:

Budget approved by the Board of Fire Commissioners	\$ 4,105,757
Encumbrances carried over from prior year	30,850
Board approved transfer to capital reserve funded by prior years' surplus	<u>300,000</u>
Final Budget	<u><u>\$ 4,436,607</u></u>

B. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as part of assigned fund balance, unless classified as restricted, and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

C. Over Expenditure of Certain Appropriations

The general fund appropriation codes for service award, workers' compensation, life insurance, disability insurance and unemployment insurance were over expended. The general fund budget in total was not over expended.

ROCKY POINT FIRE DISTRICT
Notes to Financial Statements
(Continued)

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The District's investment policies are governed by state statutes and District policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time 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 and obligations of New York State and its municipalities. Investments are stated at fair value.

Custodial credit risk is the risk that in the event of a bank failure, the District may be unable to recover deposits or collateral securities that are in possession of an outside agency. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- A. Uncollateralized,
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

The District's aggregate bank balances were covered by FDIC insurance or fully collateralized by securities and/or letters of credit pledged on the District's behalf at year end.

The District did not have any investments at year-end or during the year. Consequently, the District was not exposed to any material interest rate risk or foreign currency risk.

4. CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2016 were as follows:

	Balance December 31, 2015	Additions	Deletions	Balance December 31, 2016
Land	\$ 73,000	\$	\$	\$ 73,000
Buildings and improvements	1,750,028	7,292		1,757,320
Equipment	11,946,252	342,068	(98,140)	12,190,180
	<u>\$13,769,280</u>	<u>\$ 349,360</u>	<u>\$ (98,140)</u>	<u>\$14,020,500</u>

ROCKY POINT FIRE DISTRICT
Notes to Financial Statements
(Continued)

5. CAPITAL RESERVES

Activity for the capital reserves during the year under audit is as follows:

	<u>Equipment</u>	<u>Capital</u>	<u>Building</u>	<u>Total</u>
Reserve Balance - Beginning of Year	\$ 669,255	\$ 79,630	\$ 9,972	\$ 758,857
Additions to Reserve:				
Planned budget increase	100,000	50,000	-	150,000
Board approved transfer of surplus		300,000		300,000
Interest	299	38	5	342
Use of Reserve:				
Repayment	-	-	-	-
Capital outlay	(259,012)	(12,500)	-	(271,512)
Reserve Balance - End of Year	<u>\$ 510,542</u>	<u>\$ 417,168</u>	<u>\$ 9,977</u>	<u>\$ 937,687</u>

6. LONG-TERM LIABILITIES

Long-term liability balances and activity for the year, excluding other postemployment benefits, are summarized below:

	Balance December 31, 2015	Additions	Reductions	Balance December 31, 2016
Compensated absences	<u>\$ 135,329</u>	<u>\$ 18,041</u>	<u>\$ -</u>	<u>\$ 153,370</u>

The general fund has typically been used to liquidate long-term liabilities.

Compensated Absences

Additions and reductions to compensated absences are shown net since it is impractical to separately determine these amounts. The maturity of compensated absences is not determinable.

7. PENSION PLANS

A. New York State and Local Employees' Retirement System

Plan Description

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing, multiple-employer public employee retirement system. The system provides retirement, disability, withdrawal and death benefits to plan members and beneficiaries related to years of service and final average salary.

ROCKY POINT FIRE DISTRICT
Notes to Financial Statements
(Continued)

Provisions and Administration

Obligation of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The net position of the ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of business of the ERS and for the custody and control of its funds. Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/publications/index.php or may be obtained by writing to: New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

Funding Policies

Plan members who joined the system before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by December 15th less a 1% discount or by February 1st. The District paid 100% of the required contributions as billed by the ERS for the current year and each of the two preceding years.

The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS' fiscal year ending March 31. The resulting contributions paid in the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	2016	2015	2014
District contributions paid	\$ 138,856	\$ 169,293	\$ 157,997

B. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the District reported the following liability for its proportionate share of the net pension liability for ERS in the non-current governmental liabilities account group. The net pension liability was measured as of March 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the ERS relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS in reports provided to the District.

ROCKY POINT FIRE DISTRICT
Notes to Financial Statements
(Continued)

Measurement date	March 31, 2016
District's proportionate share of net pension asset/(liability)	\$ (646,488)
District's portion of the Plan's total net pension asset/(liability)	0.003928%
Change in proportion since the prior measurement date	(0.0000999)

Deferred outflows of resources and deferred inflows of resources have been reported in the non-current governmental assets and liabilities account groups.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,267	\$ 76,630
Changes of Assumptions	172,399	
Net difference between projected and actual earnings on pension plan investments	383,532	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	<u>2,145</u>	<u>25,176</u>
Total	<u>\$ 561,343</u>	<u>\$ 101,806</u>

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Measurement date	March 31, 2016
Actuarial valuation date	April 1, 2015
Interest rate	7.0%
Salary scale	3.8%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience
Inflation rate	2.5%

ROCKY POINT FIRE DISTRICT
Notes to Financial Statements
(Continued)

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System’s experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2014.

The actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class, as well as historical investment data and plan performance.

The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized as follows:

	Target Allocation	Long-term Expected Rate of Return
Measurement date		March 31, 2016
Asset type		
Domestic equity	38.0%	7.30%
International equity	13.0%	8.55%
Real estate	8.0%	8.25%
Alternative investments	19.0%	6.75-11.00%
Bonds and mortgages	18.0%	4.00%
Cash	2.0%	2.25%
Inflation indexed bonds	2.0%	4.00%
	100.0%	

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% (the discount rate used at the prior year’s measurement date of March 31, 2015 was 7.5%). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ROCKY POINT FIRE DISTRICT
Notes to Financial Statements
(Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease (6.00)%	Current Assumption (7.00)%	1% Increase (8.00)%
District's proportionate share of the net pension asset (liability)	\$ (1,457,784)	\$ (646,488)	\$ 39,022

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers, rounded to the nearest thousand, as of the respective measurement date were as follows:

	<i>(Dollars in Thousands)</i>
Measurement date	March 31, 2016
Employers' total pension liability	\$ (172,303,544)
Plan fiduciary net position	156,253,265
Employers' net pension liability	\$ (16,050,279)
Ratio of plan fiduciary net position to the employers' total pension liability	90.68%

Prepayment/Payables to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year, which ends on March 31st. Annual payments are due February 1st. An employer can elect to prepay the amount due by December 15th to receive a 1% discount. The District paid the annual invoice in December, which resulted in a prepayment of \$34,714 for the period January 1, 2017 through March 31, 2017. Employee contributions are remitted monthly.

C. Length of Service Award Program (LOSAP)

The District established a defined benefit LOSAP for the active volunteer firefighters of the Rocky Point Fire Department. The program took effect on January 1, 1990. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The District is the sponsor of the program. The information contained in this note is based on information for the Length of Service Award Program for the plan year ended on December 31, 2015, which is the most recent plan year for which complete information is available.

ROCKY POINT FIRE DISTRICT
Notes to Financial Statements
(Continued)

Program Description

Participation, Vesting and Service Credit

Active volunteer firefighters who have reached the age of 18 and who have completed 1 year of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to a service award after being credited with 5 years of firefighting services or upon attaining the program's entitlement age. The program's entitlement age is age 55. In general, an active firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program which he or she accumulates fifty points. Points are granted for the performance of certain 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 credit for 5 years of firefighting service rendered prior to the establishment of the program.

Benefits

A participant's benefit under the program is the actuarial equivalent of a monthly payment for life equal to \$20 multiplied by the person's total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed 37, and except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandated death and disability benefits.

Fiduciary Investment and Control

Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the governing board.

The governing board of the sponsor has retained and designated Hometown/RSA Consultants to assist in the administration of the program. The designated program administrator's primary responsibility is to administer the plan for the exclusive benefit of the participants and their beneficiaries. Such duties include, but are not limited to, determining eligibility of firefighters to participate in the plan, compute participant entitlement, authorize disbursements to participants, compute necessary contribution amounts, maintain all necessary records and consult with the sponsor and the trustee on long-term investment plans. Disbursements of program assets for the payment of benefits or administrative expenses must be reviewed by the trustee, the Board of Fire Commissioners, and signed by at least two board members prior to being disbursed by the administrator.

Program assets are required to be held in trust by LOSAP legislation, 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 trust agreement is dated August 15, 2007, and the trustee is the Board of Fire Commissioners.

Authority to invest program assets is vested in the administrator, with the Board of Fire Commissioners' prior written approval. Subject to restrictions in the program document, program assets are invested in accordance with a statutory "prudent person" rule. The program document calls for all investment decisions to be chosen and approved by the trustee, prior to being invested by the administrator.

ROCKY POINT FIRE DISTRICT
Notes to Financial Statements
(Continued)

The sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the sponsor for this purpose is BPAS Actuarial and Pension Services, LLC. Portions of the following information are derived from a report prepared by the actuary dated March 2016 for the plan year ended December 31, 2015, which is the most recent plan year for which complete information is available.

Program Financial Condition

Assets and Liabilities

Actuarial Present Value of Benefits at December 31, 2015		\$ 5,654,719
Less:		
Assets Available for Benefits		
	<u>% of total</u>	
Annuity	88.03%	<u>\$ 3,235,803</u>
Insurance contracts	8.63%	<u>317,346</u>
Money market	3.34%	<u>122,634</u>
Total Net Assets Available for Benefits		<u>3,675,783</u>
Total Unfunded Benefits		1,978,936
Less: Unfunded Liability for Prior Service		<u>(1,978,936)</u>
Unfunded Normal Benefits		<u>\$ -</u>

Prior Service Costs

Prior service costs are being amortized over a range of 10 to 20 years at a discount rate of 5.25%.

Receipts and Disbursements

Plan Net Assets, Beginning of Year		\$ 3,584,485
Changes during the year		
+ Plan contributions		<u>\$ 232,000</u>
+ Insurance premiums		<u>35,688</u>
+ Investment income earned		<u>105,102</u>
+ Insurance proceeds		<u>6,668</u>
- Plan benefit withdrawals		<u>(267,814)</u>
- Changes for market value of investments		<u>(20,346)</u>
		<u>91,298</u>
Plan Net Assets, End of Year		<u>\$ 3,675,783</u>

ROCKY POINT FIRE DISTRICT
Notes to Financial Statements
(Continued)

Contributions

Maximum amount of sponsor's contribution recommended by actuary:	<u>\$ 432,103</u>
Minimum amount of sponsor's contribution recommended by actuary:	<u>341,919</u>
Amount of sponsor's actual contribution:	<u>232,000</u>

Administration Fees

Fee paid to actuary	<u>\$ 5,100</u>
---------------------	-----------------

Normal Costs

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the Unit Credit Cost Method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

Assumed rate of return on investment	<u>5.25%</u>
Mortality tables used for	
Withdrawal	<u>None</u>
Disability	<u>None</u>
Retirement	<u>RP2000 - Combined Unisex - 50% Male</u>
Death (actives)	<u>None</u>
Death (inactives)	<u>None</u>
Other	<u>None</u>

The District's actual plan assets as of December 31, 2016 as reflected in the Financial Statements are \$3,946,539. The District's current year contribution was \$373,900.

8. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. Plan Description

The District provides medical, vision and prescription drug benefits (the healthcare plan) to retired employees in accordance with employment contracts. The plan is a single-employer defined benefit healthcare plan primarily administered through the New York State Employees' Health Insurance Plan. The Plan does not issue a stand-alone financial report.

B. Funding Policy

The cost of the premiums is paid by the District. The District recognizes the cost of the healthcare plan annually as expenditures in the general fund as the liabilities for premiums mature (come due for payment). For the year ended December 31, 2016, the District recognized a general fund expenditure of \$80,161 for insurance premiums for two currently enrolled retirees. Currently, there is no provision in the law to permit the District to fund other postemployment benefits by any means other than the "pay as you go" method.

ROCKY POINT FIRE DISTRICT
Notes to Financial Statements
(Continued)

C. Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

Annual required contribution (ARC)	\$ 154,572
Interest on net OPEB obligation	-
Adjustment to ARC	-
Annual OPEB cost (expense)	<u>154,572</u>
Contributions made	<u>(80,161)</u>
Increase in net OPEB obligation	74,411
Net OPEB obligation - beginning of year	<u>148,822</u>
Net OPEB obligation - end of year	<u><u>\$ 223,233</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended December 31, 2016 which is the first year calculated, is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2016	\$ 154,572	51.9%	\$ 223,233
December 31, 2015	154,572	51.9%	148,822
December 31, 2014	154,572	51.9%	74,411

D. Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$1,748,604 and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,748,604. The covered payroll (annual payroll of active employees covered by the plan) was \$622,792, and the ratio of the UAAL to the covered payroll was 281%.

Actuarial valuations of an ongoing plan involved estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

ROCKY POINT FIRE DISTRICT
Notes to Financial Statements
(Continued)

E. Actuarial Methods and Assumptions

The valuation of January 1, 2014, is an initial report derived from census information provided by the District.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of the valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2014, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.0% discount rate and an initial annual healthcare cost trend rate of 6.00% and an ultimate rate of 5.00%. The UAAL is being amortized as a level percentage of projected payrolls on an open basis.

9. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$437,505 has been appropriated to reduce taxes for the year ending December 31, 2017.

10. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At December 31, 2016, the District encumbered the following amounts:

Assigned: Unappropriated	
General Fund	
Fire Protection	<u>\$ 22,080</u>

B. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

11. SPENDING LIMITATION

The District did not exceed the statutory spending limitation imposed by New York State Law for the year ended December 31, 2016, and the budget for the year ending December 31, 2017.

12. SUBSEQUENT EVENT

The District has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements.

ROCKY POINT FIRE DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund - Operating
For the Year Ended December 31, 2016

	Board - Approved Budget	Final Budget	Actual		Final Budget Variance with Actual
REVENUES					
Real property taxes	\$ 3,620,252	\$ 3,620,252	\$ 3,620,309		\$ 57
PILOT revenue			29,862		29,862
Contract income	134,000	134,000	135,272		1,272
Interest and earnings	1,500	1,500	2,374		874
Rentals	62,500	62,500	58,910		(3,590)
Sale of equipment			1,052		1,052
Insurance recoveries			550		550
Miscellaneous			14,286		14,286
Total Revenues	3,818,252	3,818,252	3,862,615		\$ 44,363
APPROPRIATED FUND BALANCE					
Prior years' surplus	287,505	587,505			
Prior year's encumbrances		30,850			
Total Appropriated Fund Balance	287,505	618,355			
Total Revenues and Appropriated Fund Balance	\$ 4,105,757	\$ 4,436,607			
				Year-End Encumbrances	Final Budget Variance with Actual and Encumbrances
EXPENDITURES					
Personal services	\$ 1,174,932	\$ 1,174,932	1,166,285	\$	\$ 8,647
Equipment and capital outlay	87,500	87,500	50,547		36,953
Fire protection	1,285,200	1,316,050	1,277,267	22,080	16,703
State retirement system	250,000	250,000	146,465		103,535
Service award program	350,000	350,000	379,000		(29,000)
Social security	105,000	105,000	89,231		15,769
Workers' compensation	175,000	175,000	189,413		(14,413)
Life insurance	125,000	125,000	135,634		(10,634)
Unemployment insurance			7,805		(7,805)
Disability insurance			1,660		(1,660)
Medical and accident insurance	403,125	403,125	303,579		99,546
Total Expenditures	3,955,757	3,986,607	3,746,886	22,080	217,641
OTHER USES					
Operating transfers out	150,000	450,000	450,000		-
Total Expenditures and Other Uses	\$ 4,105,757	\$ 4,436,607	4,196,886	\$ 22,080	\$ 217,641
Net Change in Fund Balances			(334,271)		
Fund Balance - Beginning of Year			1,549,457		
Fund Balance - End of Year			\$ 1,215,186		

**INDEPENDENT AUDITOR'S 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***

To the Board of Fire Commissioners
Rocky Point Fire District
Rocky Point, New York

We have audited, in accordance with 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 Rocky Point Fire District (District), as of and for the year ended December 31, 2016, and the related notes to financial statements, as listed in the table of contents, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 16, 2017. As described more fully in Note 1, the Rocky Point Fire District has prepared these financial statements in accordance with financial reporting provisions of the New York State Office of the State Comptroller, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Rocky Point Fire 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 Rocky Point Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Rocky Point Fire 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 Rocky Point Fire 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to the Board of Fire Commissioners and management of the Rocky Point Fire District in a separate letter dated May 16, 2017.

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.

Cullen & Danowski, LLP

May 16, 2017

APPENDIX C

FORM OF BOND COUNSEL OPINION

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

February 1, 2018

The Board of Fire Commissioners of
the Rocky Point Fire District,
in the Town of Brookhaven,
Suffolk County, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Rocky Point Fire District, in the Town of Brookhaven, Suffolk County (the "Fire District"), a district corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the Fire District's \$8,500,000 Fire District Serial Bonds-2018 (the "Bonds"), dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The 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 under the Code.

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 certifications 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 above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, for any facts or circumstances or for any other reason. We express no opinion as to the consequence of any change in law or interpretation thereof, or otherwise, that may hereafter be enacted, arise or occur, and we note that such changes may take place or be proposed from time to time. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel as to the exclusion from gross income for federal income tax purposes of interest on the Bonds, or under state and local tax laws.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to 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 interests 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 Rocky Point Fire District, in the Town of Brookhaven, Suffolk 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 January 17, 2018.

“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 **\$8,500,000 Fire District Serial Bonds-2018**, dated February 1, 2018, maturing in various principal amounts on December 15 in each of the years 2019 to 2038, 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 nine (9) 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 nine (9) 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 Fire District 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 **February 1, 2018**.

By _____
FIRE DISTRICT TREASURER