

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 18, 2019

NEW ISSUE - SERIAL BONDS

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 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.

**CRONOMER VALLEY FIRE DISTRICT
IN THE TOWN OF NEWBURGH
ORANGE COUNTY, NEW YORK
(the "Fire District")**

**\$999,000 FIRE DISTRICT SERIAL BONDS – 2019
(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 are not subject to redemption prior to maturity. (See "Optional Redemption" under "THE BONDS," herein.)

At the option of the purchaser, the Bonds may be either (i) registered in the name of 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.

If the Bonds are registered in the name of the purchaser, a single bond certificate shall be issued for each maturity of the Bonds. 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 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 respective interests in the Bonds. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination. 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 "Description of Book-Entry-Only System" under "THE BONDS," herein).

Proposals for the Bonds will be received at 11:00 A.M. (Prevailing Time) on March 26, 2019 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 April 8, 2019 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.

The Bonds are not subject to the Rule as the par amount of the Bonds is less than \$1,000,000. As such, the Fire District will not enter into an agreement to provide continuing disclosure. With respect to the Bonds and does not undertake to provide ongoing financial information or to provide notice of the occurrence of material events as enumerated in the Rule.

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.

**CRONOMER VALLEY FIRE DISTRICT
IN THE TOWN OF NEWBURGH
ORANGE COUNTY, NEW YORK**

\$999,000 FIRE DISTRICT SERIAL BONDS – 2019

BOND MATURITY SCHEDULE

Dated: Date of Delivery

**Principal Due: October 1, 2020-2029 inclusive
Interest Due: April 1, 2020, October 1, 2020 and semi-
annually thereafter in each year to
maturity on April 1 and October 1**

<u>Amount</u>	<u>Maturity*</u>	<u>Rate</u>	<u>Price or Yield</u>	<u>CUSIP #</u>
\$ 69,000	2020			
90,000	2021			
95,000	2022			
95,000	2023			
100,000	2024			
105,000	2025			
105,000	2026			
110,000	2027			
115,000	2028			
115,000	2029			

*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.



**CRONOMER VALLEY FIRE DISTRICT,
IN THE TOWN OF NEWBURGH
ORANGE COUNTY, NEW YORK**

296 North Plank Road
Newburgh, New York 12550
Telephone: (845) 564-4011
Fax: (845) 564-4451

BOARD OF FIRE COMMISSIONERS

Kevin Ostrander, Chairman

D. Donald Greene
Frank Patterson, Sr.

Charles Dieckmann
Rich Rahuba

MaryAnn Fogg, District Treasurer
Lucy Dieckmann, District Secretary

FIRE DISTRICT ATTORNEY

Frank Simeone, Esq.
Suffern, New York

* * *

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

* * *

MUNICIPAL ADVISOR



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.

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OFFICIAL STATEMENT
CRONOMER VALLEY FIRE DISTRICT
IN THE TOWN OF NEWBURGH
ORANGE COUNTY, NEW YORK

\$999,000 FIRE DISTRICT SERIAL BONDS – 2019

This Official Statement and the appendices hereto present certain information relating to the Cronomer Valley Fire District (the “Fire District”) in the Town of Newburgh (the “Town”), in the County of Orange, in the State of New York (the “County” and “State,” respectively) in connection with the sale of \$999,000 Fire District Serial Bonds – 2019 (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 October 1 in each of the years 2020 to 2029, inclusive, in the principal amounts as set forth on the inside cover page hereof. Interest on the Bonds will be payable on April 1, 2020 and October 1, 2020 and semi-annually in each year to maturity on April 1 and October 1.

At the option of the purchaser, the Bonds may be either (i) registered in the name of 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.

If the Bonds are registered in the name of the purchaser, a single bond certificate shall be issued for each maturity of the Bonds. 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 respective interests in the Bonds. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination. 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 fifteenth day of the month preceding each interest payment date.

The Fire District will act as Fiscal 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: MaryAnn Fogg, Fire District Treasurer, Cronomer Valley Fire District in the Town of Newburgh, 296 North Plank Road, Newburgh, New York 12550, telephone number 845/564-4011 and email: treasurer@cvfd-fire.org.

Optional Redemption

The Bonds will not be subject to redemption prior to maturity.

Description of Book-Entry System

DTC will act as Securities Depository for the Bonds issued in book-entry form. 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 OF 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, except for one necessary odd denomination. 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 a bond resolution duly adopted by the Fire District Board of Commissioners on October 29, 2018, and approved as a proposition by a majority of the qualified voters of the Fire District voting thereon at the Annual Election of the Fire District held on December 11, 2018, authorizing the issuance of bonds in the amount of \$1,001,000 for the purchase of a ladder fire truck, including apparatus and equipment related thereto. The Bonds are being issued pursuant to this authorization.

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 Town, 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

The Fire District covers an area of approximately 11 square miles in the Town of Newburgh in Orange County, New York. It encompasses about 3,500 residences and apartments, 300 businesses, restaurants, and retail establishments, two major Interstate Highways I-87 & I-84, multiple state and local highways, Chadwick Lake Reservoir, County Parks and Town Offices. The Fire District is a political subdivision that is the taxing authority having jurisdiction over fire protection needs within Fire District boundaries. The Fire District also provides assistance to neighboring fire districts through Mutual Aid agreements.

Form of Fire District Government

The Fire District is governed by a board of five Fire Commissioners that are publicly elected by registered voters within the Fire District. They are bound by the laws of New York State to assess properties within the District for the purpose of providing firefighting and emergency response equipment, training, apparatus and buildings while keeping within approved annual budgets. They hold public meetings monthly on the Second Tuesday of each Month.

One Commissioner is elected each year to serve a term of five years. The senior Commissioner becomes the Chairman at their re-organization meeting held in January of each year. Commissioners are not paid similar to the volunteer firefighters. The District does elect and pay a Treasurer to administer fiscal responsibilities, as well as an appointed Secretary to provide clerical work.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Characteristics

Population statistics are 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 Newburgh. The information set forth below with respect to such Town is included for information purposes only. It should not be inferred from the inclusion of such data in this Statement that the Fire District is necessarily representative of the Town or vice versa.

<u>Year</u>	<u>Town of Newburgh</u>	<u>County of Orange</u>	<u>State of New York</u>
1990	24,058	307,647	17,990,455
2000	27,568	341,367	18,976,457
2010	29,801	372,813	19,378,102
2017	30,697	378,174	19,798,228

Source: U.S. Bureau of the Census.

Income Data

Income data are 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 Newburgh. The information set forth below with respect to such Town is included for information purposes only. It should not be inferred from the inclusion of such data in this Statement that the Fire District is necessarily representative of the Town or vice versa.

	Per Capita Money Income		
	2000	2010	2017 ^a
Town of Newburgh	\$24,749	\$32,669	\$37,686
County of Orange	21,597	28,944	32,616
State of New York	23,389	30,791	35,752

	Median Family Income		
	2000	2010	2017 ^a
Town of Newburgh	\$66,706	\$84,801	\$93,849
County of Orange	60,355	82,480	90,243
State of New York	51,691	67,405	77,141

Source: United States Bureau of the Census

a. Based on American Community Survey 5-Year Estimates (2013-2017)

Unemployment Rate Statistics

Unemployment statistics are not available for the Fire District as set forth below. The information set forth below with respect to the Town, County and the State is included for information purposes only. It should not be implied from the inclusion of such data in this 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 Newburgh (%)</u>	<u>County of Orange (%)</u>	<u>State of New York (%)</u>
2013	7.7	6.8	7.7
2014	5.7	5.5	6.4
2015	4.8	4.7	5.3
2016	4.3	4.2	4.9
2017	4.3	4.6	4.7
2018	4.0	4.1	4.2

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 theretofore 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 resolution authorizing the issuance of the Bonds.

In addition, pursuant to the bond resolution, the Board of Fire Commissioners may delegate to the Fire District Treasurer, the chief fiscal officer of the Fire District, the 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 March 18, 2019)

<u>Fiscal Year Ending December 31:</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate (%)</u>	<u>Full Valuation</u>
Newburgh (2017-2018)	\$249,678,199	34.00	\$734,347,644
Total Five Year Full Valuation			\$734,347,644
Average Five Year Full Valuation			146,869,529
Debt Limit - 7% of Average Full Valuation			10,280,867
Inclusions:			
Outstanding Bonds:			
General Purpose			\$0
Total Inclusions			<u>0</u>
Exclusions:			
Appropriations			<u>0</u>
Total Exclusions:			<u>0</u>
Total Net Indebtedness Before Issuing the Bonds			<u>0</u>
The Bonds			999,000
Less: BANs to be Redeemed by the Bonds			<u>0</u>
Net Effect of the Bonds			<u>999,000</u>
Total Net Indebtedness After Issuing the Bonds			<u>999,000</u>
Net Debt Contracting Margin			<u><u>\$9,281,867</u></u>
Per Cent of Debt Contracting Margin Exhausted			9.72%

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

Outstanding Long-Term Bond Indebtedness

(As of December 31:)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</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>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Authorized but Unissued Debt

The Fire District has authorized but unissued debt in the amount of \$1,001,000 for the purchase of ladder fire truck, apparatus and equipment. The Bonds will finance a portion of such authorized amount.

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Orange	01/10/2019	2.20	\$ 6,185,414	\$5,519,250
Town of Newburgh	05/15/2018	23.82	<u>5,025,543</u>	<u>1,542,850</u>
Totals			<u>\$11,210,957</u>	<u>\$7,062,100</u>

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

Debt Ratios

(As of March 18, 2019)

	<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	11,210,957	3,203	1.527
Net Direct & Applicable Net Overlapping Debt	7,062,100	2,018	0.962

a. The current estimated population of the Fire District is 3,500.

b. The full valuation of taxable real property in the Fire District is \$734,347,644.

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 2017, the audit was performed by the firm RBT CPAs, LLP. In addition, the Fire District also prepares an unaudited Annual Financial Report Update Document ("AUD") that is filed with the State annually. The AUD is not audited and is not prepared in accordance with GAAP. A copy of the audited financial statements for the fiscal year ending December 31, 2017 is attached hereto as Appendix B.

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 Financial Statements for the 2013-2017 fiscal years.

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.

Service Award Program

As authorized under Article 11-A of the General Municipal Law of the State of New York, the Fire District participates in a Length of Service Award Program (LOSAP) for volunteer firefighters. This program provides pension-like benefits based on individual volunteer firefighting service.

A participant in the service award program receives a non-forfeitable right to a service award upon completing five "years of firefighting service." The sponsor of the program may provide for a shorter period to acquire a non-forfeitable right; however, every participant must acquire a 100% non-forfeitable right upon attaining "entitlement age" under the program. Subject to statutory limits, entitlement age is the age designated by the sponsor at which a participant is ordinarily entitled to begin receiving unreduced service award. Entitlement age may be no younger than fifty-five.

In general, a service award program must provide credit for a "year of firefighting service" for each year in which an active volunteer firefighter accumulated 50 points. Points are granted for the performance of certain activities in accordance with a system established by the sponsoring local government. The sponsor must select the activities and point values within statutorily prescribed limits. Subject to certain procedural requirements, a service awards program may also provide credit for up to five years of firefighting service rendered prior to the establishment of the program. Determinations of eligibility for the service credit are made, in the first instance by the governing board of the sponsor, based on information provided by fire company officials.

A service award program must be administered by the political subdivision which establishes the program, in accordance with standards and procedures established by the political subdivision. The governing board is required to engage the services of an actuary for the purpose of determining the sponsor's annual contribution to the program, which must be appropriated annually by the political subdivision.

The Fire District contributions to the LOSAP since 2014 are follows:

2014	194,906
2015	170,000
2016	184,097
2017	178,058
2018 (Budgeted)	184,000
2019 (Budgeted)	184,000

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 after a public budget hearing held on the third Tuesday of October each year and the budget is then affixed to the tentative Town of Newburgh budget as a part thereof. No change shall be made by the Town Board in the budget submitted by the Fire District. The Town levies and collects taxes in an amount equal to the amount required to be collected. The Fire District's budget must comply with the provisions of Chapter 97 of the New York Laws of 2011, which imposes a limitation on the amount of real property taxes that a fire district may levy in a given year. (See "*Tax Levy Limit Law*" herein).

Revenues

The Fire District receives most of its revenue from a real property tax on all non-exempt real property situated within the Fire District. A summary of such revenues for the five most recently completed fiscal years and the amounts budgeted for 2018 and 2019 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 amounts budgeted for 2018 and 2019 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 Newburgh. 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 2013 through 2017, inclusive and the amounts budgeted for 2018 and 2019 fiscal years.

Fiscal Year Ending <u>December 31:</u>	<u>Total Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues (%)</u>
2013	\$1,159,943	\$1,065,958	91.90
2014	1,081,662	1,065,988	98.55
2015	1,141,808	1,119,987	98.09
2016	1,128,745	1,116,550	98.92
2017	1,126,541	1,116,550	99.11
2018 (Budgeted)	1,118,212	1,118,212	100.00
2019 (Budgeted)	1,141,029	1,141,029	100.00

Tax Collection Procedure

The Fire District taxes are collected by each Town Collector of Taxes and are payable in one installment, payable January 1st to January 31st without penalty. After January 31st at 1% penalty is applied for February 1st - 28th. 2% penalty plus \$1.00 second notice fee is applied to March 1st - 31st. After March 31st the tax collector after retaining the full amount of Town, Special District & District Taxes turn over any uncollected taxes to the respective commissioners of county finance who assume collection of unpaid taxes plus penalties and any additional charges. As the Fire District receives the full amount of its taxes from the collector there are no uncollected taxes as far as the Fire District is concerned.

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.

Selected Listing of Large Taxable Properties
2017-18 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Central Hudson Gas & Electric	Utility	\$13,456,840
The Livanos Group LLC	Retail	1,912,500
Cole Mt Newburgh NY LLC	Bank	1,129,500
Amar LLC	Office	1,080,000
Jeanne Estate LLC	Warehouse	935,900
Blue Water LLC	Office	850,000
Jeanne Drive Realty LLC	Warehouse	760,000
JLTS XI LLC	Warehouse	657,700
North Plank Road Real Estate Inc.	Bank	615,200
Lake Creek Properties LLC	Retail	<u>592,000</u>
	Total ^a	<u>\$21,989,640</u>

a. Represents 8.81% of the Fire District's assessed valuation.

LITIGATION

In common with other fire districts, the Fire District from time to time may receive notices of claim and is party to litigation. Currently, in the opinion of the Fire District attorney, unless other wise 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, no which, if determined against the Fire District, would have a 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**

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

The 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.

CYBERSECURITY

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

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

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

The Bonds are not subject to the Rule as the par amount of the Bonds is less than \$1,000,000. As such, the Fire District will not enter into an agreement to provide continuing disclosure. With respect to the Bonds and does not undertake to provide ongoing financial information or to provide notice of the occurrence of material events as enumerated in the Rule.

BOND RATING

The Bonds are not rated.

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 MaryAnn Fogg, Fire District Treasurer, Cronomer Valley Fire District in the Town of Newburgh, 296 North Plank Road, Newburgh, New York 12550, telephone number 845/564-4011 and email: treasurer@cvfd-fire.org or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: <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 bond resolution of the Fire District which delegate to the Fire District Treasurer the power to sell and issue the Bonds.

CRONOMER VALLEY FIRE DISTRICT,
IN THE TOWN OF NEWBURGH, NEW YORK

By MARYANN FOGG
Fire District Treasurer and Chief Fiscal Officer
Cronomer Valley Fire District, in the Town of Newburgh
Newburgh, New York

March , 2019

APPENDIX A

FINIANCIAL INFORMATION

Statement of Revenue, Expenditures and Changes in Fund Balances

General Fund

	Fiscal Year Ending December 31:				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues					
Real Property Taxes	\$ 1,065,958	\$ 1,065,988	\$ 1,119,987	\$ 1,116,550	\$ 1,116,550
Payment in Lieu of Taxes	114	115	122	121	121
Interest and Earnings	4,628	2,411	962	737	1,035
Sale of Equipment	67,224	13,000	16,101	400	5,801
Insurance Recoveries	14,614	148		9,572	
Unclassified	2,426		4,636	1,365	3,034
State Aid	4,979				
	<u>1,159,943</u>	<u>1,081,662</u>	<u>1,141,808</u>	<u>1,128,745</u>	<u>1,126,541</u>
Expenditures					
General Government Support	68,479	23,720		5,284	743
Fire - Personal Services	23,731	23,731	26,131	26,131	28,744
Fire - Equipment and Capital Outlay	814,306	248,402	481,714	285,966	138,677
Fire - Contractual Expenditures	484,645	465,586	519,419	530,449	539,472
Local Pension Fund	183,286	194,906	170,000	184,097	178,058
Social Security - Employer Contribution			1,999	1,999	2,199
Worker's Compensation	42,863	41,573	58,985	58,707	60,818
Debt Service - Principal	135,000	130,000			
Debt Service - Interest	11,660	5,720			
	<u>1,763,970</u>	<u>1,133,638</u>	<u>1,258,248</u>	<u>1,092,633</u>	<u>948,711</u>
Excess (Deficiency) of Revenues Over Expenditures	(604,027)	(51,976)	(116,440)	36,112	177,830
<u>Other Financing Sources (Uses):</u>					
Operating Transfers Out	(344,000)	(752,000)	(659,500)	(775,995)	(234,226)
Operating Transfers In	344,000	752,000	659,500	775,995	234,226
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) Of Revenues & Other Sources Over Expenditures & Other Uses	(604,027)	(51,976)	(116,440)	36,112	177,830
Fund Equity Beginning of Year	1,983,963	1,379,936	1,327,960	1,211,520	1,247,632
Add (Deduct) Prior Period Adjustments	0	0	0	0	0
Fund Equity End of Year	<u>\$ 1,379,936</u>	<u>\$ 1,327,960</u>	<u>\$ 1,211,520</u>	<u>\$ 1,247,632</u>	<u>\$ 1,425,461</u>

Note: This Schedule is not Audited.

Source: Audited Financial Statements (2013-2017)

Balance Sheet - General Fund
Year Ended December 31, 2017:

	General <u>Fund</u>
ASSETS:	
Cash & Cash Equivalents	\$ 1,019,234
Restricted Assets	<u>424,512</u>
 Total Assets	 \$ <u><u>1,443,746</u></u>
 LIABILITIES:	
Accounts Payable	\$ <u>18,284</u>
 Total Liabilities	 <u>18,284</u>
 FUND BALANCE:	
Nonspendable	424,512
Restricted:	892,447
Unassigned	<u>108,503</u>
 Total Fund Balance	 <u>1,425,462</u>
 Total Liabilities and Fund Balance	 \$ <u><u>1,443,746</u></u>

Source: Audited Financial Statements (2017)

Budget Summary - General Fund

Year Ended December 31:

	<u>2018</u>	<u>2019</u>
Revenues:		
Real Property Taxes	\$ 1,118,212	\$ 1,141,029
	<u>1,118,212</u>	<u>1,141,029</u>
Total Revenues	<u>1,118,212</u>	<u>1,141,029</u>
Expenditures		
LOSAP	184,000	184,000
Equipment	74,000	74,000
Dive Team	10,000	10,000
Computers, Internet	10,000	10,000
IT Services		3,500
Bank Fees	400	400
Legal Notices	2,000	2,000
Cleaning	9,700	11,000
District Meetings/Dinners	11,500	11,500
Dues	800	4,500
Fire Prevention	2,800	2,800
Food	10,000	14,000
LP Heat	7,000	12,000
Fuel	11,000	18,000
Insurance	220,000	221,000
Licenses	50	50
Milage & Tolls	350	350
Payroll Taxes	25,060	10,000
Physicals	10,000	12,000
Real Estate Taxes	86	100
Rent	84,400	84,400
Repairs	76,500	67,500
Training	12,000	15,000
Utilities	26,000	30,000
Uniforms	5,000	5,000
Professional Services	34,000	31,429
Salary	28,216	29,000
Service Contract	12,000	14,000
Supplies	6,000	6,000
Transfers to Other Funds	245,350	257,500
	<u>245,350</u>	<u>257,500</u>
Total Expenditures	<u>\$ 1,118,212</u>	<u>\$ 1,141,029</u>

Source: Adopted Budget of the Fire District

CRONOMER VALLEY FIRE DISTRICT IN THE TOWN OF NEWBURGH

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

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.

CRONOMER VALLEY FIRE DISTRICT

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Cronomer Valley Fire District
296 North Plank Road
Newburgh, NY 12550

Report on the Financial Statements

We have audited the accompanying financial statements of the Cronomer Valley Fire District, which comprise the balance sheet - modified accrual basis for each fund and account group as of December 31, 2017 and the related statements of results of operations and changes in fund balance - modified accrual basis and budgetary comparison for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified accrual basis of accounting as prescribed by New York State for the preparation of the Fire District's annual financial report; this includes determining that the modified accrual basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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 an opinion 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 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 opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each fund and account group of the Cronomer Valley Fire District as of December 31, 2017, and their respective results of operation and budgetary results for the year then ended, in conformity with the modified accrual basis of accounting described in Note I C.

Basis of Accounting

We draw attention to Note I C of the financial statements, which describes the basis of accounting. As described in Note I C to the financial statements, the financial statements are prepared on the modified accrual basis of accounting as prescribed by New York State for the preparation of the Fire District's annual financial report, which is a basis of accounting other than accounting principles generally accepted in the United States of America to meet the requirements of New York State. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Cronomer Valley Fire District's basic financial statements. The Management's Discussion and Analysis and Fire District Questionnaire are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Management's Discussion and Analysis and Fire District Questionnaire have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated May 24, 2018, on our consideration of Cronomer Valley Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Cronomer Valley Fire District's internal control over financial reporting and compliance.

Restriction on Use

Our report is intended solely for the information and use of Cronomer Valley Fire District and New York State and is not intended to be and should not be used by anyone other than these specified parties.

RBT CPAs, LLP

Newburgh, NY
May 24, 2018

CRONOMER VALLEY FIRE DISTRICT

SUPPLEMENTAL INFORMATION MANAGEMENT'S DISCUSSION AND ANALYSIS

The accompanying management discussion and analysis of the Cronomer Valley Fire District's financial performance has been prepared to provide an overview of the District's financial activities for the fiscal year ended December 31, 2017. This discussion and analysis is only an introduction and should be read in conjunction with the District's financial statements.

Requests For Information

This report is designed to provide an overview of the District's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Commissioners at the Cronomer Valley Fire District, 296 North Plank Road, Newburgh, NY 12550.

Financial Highlights

- As of the close of the current fiscal year, the Cronomer Valley Fire District's governmental funds reported an ending fund balance of \$1,425,462, an increase of \$177,830 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$108,503.
- Real Property taxes remained the same in 2017.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Cronomer Valley Fire District's financial statements. The District's financial statements consist of two components: 1) fund and account group financial statements and 2) notes to the financial statements. In addition to the financial statements, this report contains supplemental information which will enhance the reader's understanding of the Cronomer Valley Fire District.

Financial Statements

The statements consist of the Fund and Account Group Financial Statements. These statements focus on the activities of the individual parts of the District. There are three parts to the Fund Financial Statements: 1) the balance sheet, 2) the results of operation and changes in fund balance and 3) the budgetary comparison statement.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in these statements.

Financial Analysis of the Cronomer Valley Fire District Funds

The Cronomer Valley Fire District, like all other governmental entities in New York, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes. All of the funds of the District are classified in two categories: governmental funds and fiduciary funds.

Governmental Funds: The focus of the Cronomer Valley Fire District's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the Cronomer Valley Fire District's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Cronomer Valley Fire District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$108,503.

At December 31, 2017, the governmental funds of the Cronomer Valley Fire District reported a combined fund balance of \$1,425,462, a 14.25 percent increase over last year.

Fiduciary Funds: The District acts in an agency capacity for assets associated with the Length of Service Award Program ("LOSAP"). These assets are recorded in a separate fund because they cannot be used to finance District operations.

Budgetary Highlights

Actual revenues exceeded budgeted revenues by \$9,080. The majority of this amount relates to the sale of equipment. Actual expenditures were \$69,161 more than budgeted expenditures primarily due to unbudgeted capital outlay expenditures.

CRONOMER VALLEY FIRE DISTRICT

Capital Assets

Capital Assets: The District's investment in capital assets as of December 31, 2017 totaled \$3,604,587. These assets include land and machinery and equipment.

For more detailed information on capital assets, see the notes to the financial statements.

CONDENSED FINANCIAL INFORMATION

	2017	2016
Balance Sheet Information:		
Current Assets	\$ 1,443,746	\$ 1,327,230
LOSAP Assets	\$ 2,032,358	\$ 1,701,797
Capital Assets	\$ 3,604,587	\$ 3,581,303
Current Liabilities	\$ 18,284	\$ 79,598
Fund Balances:		
Nonspendable	\$ 424,512	\$ 472,180
Restricted	\$ 892,447	\$ 657,310
Assigned	\$ -	\$ 69,572
Unassigned	\$ 108,503	\$ 48,570
Statement of Operations:		
Revenue:		
Property Tax Revenue	\$ 1,116,550	\$ 1,116,550
Other Revenue	9,991	12,195
Total Revenue	<u>1,126,541</u>	<u>1,128,745</u>
Expenditures:		
Fire - Equipment and Capital Outlay	138,677	285,966
Fire - Contractual Expenditures	539,472	530,449
Local Pension Fund	178,058	184,097
Workers Compensation	60,818	58,707
Other Expenditures	31,686	33,414
Total Expenditures	<u>948,711</u>	<u>1,092,633</u>
Change in Fund Balance	<u>\$ 177,830</u>	<u>\$ 36,112</u>

CRONOMER VALLEY FIRE DISTRICT

**BALANCE SHEET - MODIFIED ACCRUAL BASIS
ALL FUND TYPES AND ACCOUNT GROUPS**

As of December 31, 2017	Governmental Fund Type	Fiduciary Fund Type	Account Groups
ASSETS AND OTHER DEBITS	General	Agency	Non-Current Governmental Assets
Assets:			
Cash	\$ 126,787	\$ -	\$ -
Cash, Special Reserves	892,447	-	-
Service Award Program Assets (Note II A)	-	2,032,358	-
Prepaid Expenses	424,512	-	-
Capital Assets (Note II B)	-	-	3,604,587
Total Assets and Other Debits	\$ 1,443,746	\$ 2,032,358	\$ 3,604,587

LIABILITIES, FUND BALANCE AND OTHER CREDITS

Liabilities:			
Accounts Payable	\$ 18,284	\$ -	\$ -
Agency Liabilities	-	2,032,358	-
Total Liabilities	18,284	2,032,358	-
Fund Balance and Other Credits:			
Investments in Non-Current Government Assets	-	-	3,604,587
Nonspendable Fund Balance	424,512	-	-
Restricted Fund Balance	892,447	-	-
Unassigned Fund Balance	108,503	-	-
Total Fund Balance and Other Credits	1,425,462	-	3,604,587
Total Liabilities, Fund Balance and Other Credits	\$ 1,443,746	\$ 2,032,358	\$ 3,604,587

See Notes to Financial Statements.

CRONOMER VALLEY FIRE DISTRICT

RESULTS OF OPERATION AND CHANGES IN FUND BALANCE - MODIFIED ACCRUAL BASIS GOVERNMENTAL FUNDS

For the Year Ended December 31, 2017	General
Revenues:	
Real Property Taxes	\$ 1,116,550
Payments in Lieu of Taxes	121
Interest and Earnings	1,035
Sales of Equipment	5,801
Unclassified	3,034
Total Detail Revenue	1,126,541
Expenditures:	
General Government Support	743
Fire - Personal Service	28,744
Fire - Equipment and Capital Outlay	138,677
Fire - Contractual Expenditures	539,472
Local Pension Fund	178,058
Social Security - Employer Contributions	2,199
Workers Compensation	60,818
Total Detail Expenditures	948,711
Other Financing Sources/(Uses):	
Interfund Transfers In	234,226
Interfund Transfers Out	(234,226)
Total Detail Other Financing Sources/(Uses)	-
Changes in Fund Balance	177,830
Fund Balance - Beginning	1,247,632
Fund Balance - Ending	\$ 1,425,462

See Notes to Financial Statements.

CRONOMER VALLEY FIRE DISTRICT

**BUDGETARY COMPARISON STATEMENT
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2017	Budgeted Amounts	Actual Amounts Modified Accrual Basis	Variance with Budget
GENERAL			
Revenues:			
Real Property Taxes	\$ 1,116,550	\$ 1,116,550	\$ -
Payments in Lieu of Taxes	-	121	121
Interest and Earnings	-	124	124
Sales of Equipment	-	5,801	5,801
Unclassified	-	3,034	3,034
Total Detail Revenue	1,116,550	1,125,630	9,080
Expenditures:			
General Government Support	-	743	(743)
Fire - Personal Service	28,744	28,744	-
Fire - Equipment and Capital Outlay	82,000	138,677	(56,677)
Fire - Contractual Expenditures	519,306	539,472	(20,166)
Local Pension Fund	184,000	178,058	5,942
Social Security - Employer Contributions	3,500	2,199	1,301
Workers Compensation	62,000	60,818	1,182
Total Detail Expenditures	879,550	948,711	(69,161)
Other Financing (Uses):			
Interfund Transfers Out	(237,000)	(234,226)	2,774
Total Detail Other Financing (Uses)	(237,000)	(234,226)	2,774
Changes in Fund Balance	-	(57,307)	(57,307)
General Fund Balance - Beginning	590,322	590,322	-
General Fund Balance - Ending	\$ 590,322	\$ 533,015	\$ (57,307)
RESERVE			
Revenues:			
Interest and Earnings	\$ -	\$ 911	\$ 911
Other Financing Sources:			
Interfund Transfers In	237,000	234,226	(2,774)
Total Detail Other Financing Sources	237,000	234,226	(2,774)
Changes in Fund Balance	237,000	235,137	(1,863)
Reserve Fund Balance - Beginning	657,310	657,310	-
Reserve Fund Balance - Ending	\$ 894,310	\$ 892,447	\$ (1,863)

See Notes to Financial Statements.

CRONOMER VALLEY FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Cronomer Valley Fire District (the "District") was established in 1934 and is governed by the general laws of the State of New York (the "State"). The Board of Fire Commissioners is the legislative body responsible for overall operations.

The notes to the financial statements are an integral part of the statements and are intended to be read with them.

A. ENTITY DEFINITION CRITERIA FOR FINANCIAL REPORTING PURPOSES

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

B. FUND ACCOUNTING

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain types of functions or activities.

The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The various funds are grouped by type in the financial statements. The following fund types and account groups are used by the District.

1. FUND TYPES:

a. Governmental Fund Types - are those through which most general functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds.

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

ii. Reserve Fund - The Reserve Fund is designed to segregate resources to provide for future contingencies and plan for major capital outlays, thereby reducing the need to rely on borrowing or outlays of current revenue to finance such events. For financial reporting purposes, the Reserve Fund is included in the General Fund.

b. Fiduciary Fund Types - are used to account for assets held by the District in a trustee or custodial capacity.

i. Agency Fund - The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

2. ACCOUNT GROUPS:

Account groups are used to establish accounting control and accountability for non-current governmental assets and liabilities. The account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Non-Current Governmental Assets Account Group - This account group is established to account for the land, buildings, improvements and other equipment utilized by the District for general operating purposes.

Non-Current Governmental Liabilities Account Group - This account group is established to account for all long-term obligations of the District. It accounts for assets presently available for retirement of such indebtedness and the amount to be raised in future years to retire those debt obligations. The District does not currently use this account group.

CRONOMER VALLEY FIRE DISTRICT

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The financial statements were prepared on the modified accrual basis of accounting as prescribed by New York State for preparation of the Fire District annual financial report, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Basis of accounting refers to when revenues, expenditures and transfers - and the related assets and liabilities - are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. Measurement focus is the determination of what should be measured. All Governmental Funds are accounted for on a spending or "financial flow" measurement focus.

This measurement focus means that only current assets and current liabilities are generally included on their balance sheets. Governmental Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Real property taxes are recognized as revenue during the corresponding tax year. The taxes are collected in full during the period earned; therefore, no receivable is necessary. Penalties and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Donated services are not reflected in this financial statement. The value of services performed by the volunteer firefighters has not been determined by the District and is not recorded.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt, which are recognized when due, and any service or payroll related taxes, fringes and benefits, which vest or accumulate, which are charged as an expenditure when paid or when they are to be paid with currently available resources.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent assets and liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type assets or liabilities. They are instead reported as assets in the Non-Current Governmental Assets Account Group or as liabilities in the Non-Current Governmental Liabilities Account Group. Amounts paid to acquire capital assets or retire long-term debt are recorded as expenditures in the governmental funds.

D. BUDGETARY DATA

The District's budget policies are as follows:

1. No later than 21 days prior to the third Tuesday in October, the District Treasurer submits a tentative budget to the Board of Fire Commissioners for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and estimated revenues as the means of financing for all funds.
2. After public hearings are conducted to obtain taxpayer comments, the governing body adopts the budget. Certified copies are filed with the tax roll coordinator no later than November 7th for purposes of preparing the tax levy.
3. All modifications of the budget must be approved by the Board of Fire Commissioners.

CRONOMER VALLEY FIRE DISTRICT

E. ASSETS, LIABILITIES AND FUND BALANCE

Cash:

Cash includes (1) cash on hand (2) cash in demand deposits and (3) other types of deposits and accounts that have the same characteristics as demand deposits (deposits or withdrawals may be made at any time without notice or penalty).

Cronomer Valley Fire District's investment policies are governed by State Statutes. In addition, the District has its own written investment policy. District monies shall be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks located within the State of New York. The Board of Fire Commissioners are authorized to use demand accounts and certificates of deposit. Collateral is required for demand deposits and certificates of deposit for all deposits not covered by FDIC. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its Municipalities and School Districts.

Deposits: All deposits are carried at cost plus accrued interest. FDIC insurance covers up to \$250,000 per depositor, per insured bank for cash in time deposits and up to \$250,000 per depositor, per insured bank for cash in demand deposits. Deposits with a bank balance of \$1,022,426 are categorized as follows to give an indication of the level of risk inherent therein at year-end.

Category 1 includes deposits that are insured by the FDIC. Category 2 includes deposits collateralized with securities held by the pledging financial institution's trust department or its agent in the District's name. Category 3 includes deposits uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the District's name.

	Bank Balance Categories			Totals
	1	2	3	
Cash and cash equivalents in banks	\$ 327,067	\$ 695,359	\$ -	\$ 1,022,426

Capital Assets:

Acquisitions of land, capital facilities and equipment are recorded as expenditures in the various Governmental Funds at the time of purchase and are also recorded in the Non-Current Governmental Assets Account Group at cost. No depreciation has been provided on capital assets.

The District has not maintained historical cost records for all of its capital asset inventory. Due to this lack of cost basis information, the District has valued certain equipment using the estimated historical cost of the capital asset calculated by back-trending.

Fund Balance - Reserves:

Portions of fund balance are segregated for future use and are, therefore, not available for future appropriation or expenditure.

CRONOMER VALLEY FIRE DISTRICT

Fund Balance Classification:

The following is a brief description of the five fund balance classifications, which are based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds:

Nonspendable:

Amounts that cannot be spent in the current period either because of their form or because they must be maintained intact. Prepaid expenses are nonspendable assets because, by definition, the money has already been spent.

Restricted:

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. Various New York State statutes allow local governments to establish reserve funds for various purposes. Since the State regulates the establishment, funding and use of these reserves, the District has classified the following reserve funds as restricted fund balances:

- a. The Capital Fund includes reserve funds established for future improvements and renovations and the acquisitions of new equipment. The balance at the end of 2017 was \$435,913.
- b. The Land and Building Fund includes reserve funds established for future improvements and renovations and the acquisition of property. The balance at the end of 2017 was \$348,458.
- c. The Repair Fund includes reserve funds established for the future repair of equipment. The balance at the end of 2017 was \$65,899.
- d. The Tax Stabilization Fund includes reserve funds established to reduce future taxes. The balance at the end of 2017 was \$42,177.

Committed:

Amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision making authority (the Board of Fire Commissioners) before the end of the fiscal year. The same level of formal action is required to remove the constraint.

Assigned:

Amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision making authority or by their designated body or official. 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.

Unassigned:

Represents the residual amount of fund balance in the General Fund. In funds other than the General Fund, this should only be used to report a deficit balance.

F. Pervasiveness of Estimates

The preparation of financial statements in conformity with the modified accrual basis of accounting described in Note I C requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Related Party

A District Commissioner's wife is the District Secretary as well as the Department Chief's secretary. The positions are paid an hourly rate. The total gross amount paid by the District was \$17,431 during 2017.

H. Subsequent Events

The date to which events occurring after December 31, 2017, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is May 24, 2018, which is the date the financial statements were available to be issued.

CRONOMER VALLEY FIRE DISTRICT

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. LENGTH OF SERVICE AWARD PROGRAM

The information contained in this note is based on information for the Cronomer Valley Fire District Service Award Program for the program year ended on December 31, 2017, which is the most recent program year for which complete information is available. Penflex, Inc. ("Penflex") provided a valuation packet for the calendar year ended December 31, 2017 for the purposes of completing the audit. Information from that report is contained within this footnote.

The Cronomer Valley Fire District established a defined benefit Service Award Program (referred to as a "LOSAP" - length of service award program - under Section 457(e)(11) of the Internal Revenue Code) effective January 1, 1990 for the active volunteer firefighter members of the Cronomer Valley Fire Department. The program was established pursuant to Article 11-A of the New York State General Municipal Law. The program provides municipally-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The Cronomer Valley Fire District is the sponsor of the program and Penflex is the program administrator.

Under the program, participating volunteers begin to be paid a service award upon attainment of the program "entitlement age". The amount of the service award paid to a volunteer is based upon the number of years of service credit the volunteer earned under the program for performing active volunteer firefighter activities.

Participation, Vesting and Service Credit:

Active volunteer firefighters who have reached the age of 16 and who have completed one year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program's entitlement age while an active volunteer. The program's entitlement age is 55. 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 years of active volunteer firefighting service rendered prior to the establishment of the program as an active volunteer firefighter member of the Cronomer Valley Fire Department.

Benefits:

A participant's service award benefit is paid as a ten year certain and continuous monthly payment life annuity. The amount payable each month equals \$20 multiplied by the total number of years of service credit earned by the volunteer under the point system. The maximum number of years of service credit a participant may earn is 40 years under the program.

Currently, there are no other forms of payment of a volunteer's earned service award under the program. Except in the case of death or total and permanent disablement, service awards commence to be paid when a participant attains the entitlement age. Volunteers who continue to be active after attaining the entitlement age and beginning to be paid a service award continue to have the opportunity to earn program credit and to thereby increase their service award payments. The program provides death and disability benefits equal to the actuarial value of the participant's earned service award at the time of death or disablement. The program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are "self insured" and are paid from the program trust fund.

For a complete explanation of the program, a copy of the program document is available from the Fire District Secretary.

Fiduciary Investment and Control:

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

The Board of Fire Commissioners has retained Penflex, Inc. (Penflex) to assist in the administration of the program. The services provided by Penflex are described in the following paragraphs.

CRONOMER VALLEY FIRE DISTRICT

Based on the certified calendar year volunteer firefighter listings, Penflex determines and certifies in writing to the Board of Fire Commissioners the amount of the service award to be paid to a participant or to a participant's designated beneficiary. The person(s) authorized by the Board of Fire Commissioners then authorizes, in writing, the custodian of the Cronomer Valley Fire District Service Award Program trust funds to pay the service award. No service award benefit payment is made without the written certification from Penflex and the written directive from the authorized representative of the Board of Fire Commissioners.

Penflex bills the Cronomer Valley Fire District for the services it provides. Penflex invoices are authorized for payment by the Board of Fire Commissioners in the same manner as any other invoice presented to the District for payment. The District pays Penflex invoices from its General Fund.

Article 11-A requires that program assets be held in trust for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The Board of Fire Commissioners created a Service Award Program Trust Fund through the adoption of a trust document, a copy of which is available from the Fire District Secretary. The Board of Fire Commissioners is the program trustee.

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

Program Financial Condition:

Assets and Liabilities

Actuarial Present Value of Accrued Service Awards as of December 31, 2017	\$	2,084,606
Total Net Assets Available for Benefits as of December 31, 2017	\$	2,032,358
Total Unfunded Benefits as of December 31, 2017	\$	52,248

Funding Methodology and Actuarial Assumptions:

Normal Costs

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the Attained Age Normal 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 program investments	4.75%
Tables used for:	
Withdrawal	RP-2014
Disability	None
Retirement	RP-2014
Death (Actives)	RP-2014
Death (Inactives)	RP-2014

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

CRONOMER VALLEY FIRE DISTRICT

Assets and Liabilities

Total Investments		\$ 2,028,038
Other Assets		
January 2018 Payments withdrawn in December 2017	4,320	
Total Other Assets		4,320
Net Assets Held in Trust for LOSAP Benefits		\$ 2,032,358

Receipts and Disbursements

Plan Net Assets - Beginning		\$ 1,701,797
Changes during the year:		
Plan Contributions	\$ 178,058	
Investment Income Earned (including accrued interest)	203,458	
Plan Benefit Withdrawals	(50,955)	
Plan Net Assets - Ending		\$ 2,032,358

Contributions

Amount of District's contribution recommended by actuary:		\$ 178,058
Amount of District's actual contribution:		\$ 178,058

Administrative Fees

Fees paid to administrative/actuarial services provider		\$ 1,035
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B. ASSETS

Capital Assets:

Property, Buildings and Equipment - A summary of changes in the general capital assets during fiscal year 2017 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 119,940	\$ -	\$ -	\$ 119,940
Machinery and Equipment	3,461,363	57,779	(34,495)	3,484,647
Total Capital Assets	\$ 3,581,303	\$ 57,779	\$ (34,495)	\$ 3,604,587

CRONOMER VALLEY FIRE DISTRICT

C. LEASE COMMITMENTS

The District has two multiyear lease agreements with the Cronomer Valley Fire Department, one expiring on December 31, 2020 and the other expiring in 2026. At the commencement of the lease that expires in 2026, the District prepaid all of the rental expense, which is reflected in the balance sheet as prepaid expenses. The District also has a lease agreement with Ricoh for their printer, which expires in 2022. The annual lease obligations for the life of the agreements are as follows:

2018	\$	132,078
2019		132,078
2020		132,078
2021		47,678
2022		47,253
Thereafter		<u>188,672</u>
	\$	<u><u>679,837</u></u>

CRONOMER VALLEY FIRE DISTRICT

SUPPLEMENTARY INFORMATION FIRE DISTRICT QUESTIONNAIRE

	Response
1) Has your district adopted a written procurement policy and is it complied with?	Y
2) Has your district contracted to have an independent audit of its financial statements? If not, has the Board of Fire Commissioners performed an internal audit of the Treasurer's records and reports?	Y
3) Does your district have a written travel policy and is it complied with?	Y
4) Are monthly bank reconciliations performed?	Y
5) What is your district's statutory spending limitation margin (amount) for the next fiscal year?	\$1,239,100
6) Does your district have a Length of Service Award Program (LOSAP) for volunteer firefighters? If so, how are the LOSAP funds invested?	Y
Marketable Securities	Y
Annuities	N
Life Insurance	N
Other (describe)	N
7) Has your Fire District adopted an investment policy as required by General Municipal Law, Section 39?	Y



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**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**

Board of Fire Commissioners
Cronomer Valley Fire District
296 North Plank Road
Newburgh, NY 12550

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cronomer Valley Fire District, which comprise the balance sheet - modified accrual basis as of December 31, 2017, and the related statements of results of operation and changes in fund balance - modified accrual basis and budgetary comparison for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 24, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cronomer Valley Fire District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cronomer Valley Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of Cronomer Valley 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cronomer Valley Fire District's financial statements are free of 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RBT CPAs, LLP

Newburgh, NY
May 24, 2018

SCHEDULE OF FINDINGS AND RESPONSES

A. Internal Control Findings

No internal control findings noted.

B. Compliance Findings

No compliance findings noted.

APPENDIX C

FORM OF BOND COUNSEL OPINION

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

April 8, 2019

The Board of Fire Commissioners of
the Cronomer Valley Fire District,
in the Town of Newburgh,
Orange County, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Cronomer Valley Fire District, in the Town of Newburgh, Orange 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 \$999,000 Fire District Serial Bonds-2019 (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 such 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 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 the date of issuance thereof, 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 relating to the Bonds containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the Fire District represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Bonds will, for federal income tax purposes, be excluded from gross income.

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

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

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

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