

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 8, 2022

SERIAL BONDS

RATING: MOODY'S INVESTOR SERVICE: " "
 See "Bond Rating", herein

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Fire District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel, 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.

**CENTRAL ISLIP FIRE DISTRICT,
IN THE TOWN OF ISLIP,
SUFFOLK COUNTY, NEW YORK**
(the "Fire District")

\$8,875,000 FIRE DISTRICT SERIAL BONDS – 2022
(the "Bonds")

SEE BOND MATURITY SCHEDULE HEREIN

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

The Bonds maturing on June 1, 2030 and thereafter are subject to redemption prior to maturity, at the option of the Fire District, on June 1, 2029 and thereafter on any date, in accordance with terms described herein. (See "Optional Redemption" under "THE BONDS," herein.)

The Bonds will be issued as registered bonds and, 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.

Any 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 any book-entry Bonds. Beneficial owners of book-entry bonds 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. A single bond certificate will be issued for each maturity of the Bonds. Principal of and interest on any book-entry 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 System" under "THE BONDS," herein).

Proposals for the Bonds will be received at 11:00 A.M. (Prevailing Time) on November 17, 2022 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 December 1, 2022 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"). FOR A DESCRIPTION OF THE FIRE DISTRICT'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS, AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

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

**CENTRAL ISLIP FIRE DISTRICT,
IN THE TOWN OF ISLIP,
SUFFOLK COUNTY, NEW YORK**

\$8,875,000 FIRE DISTRICT SERIAL BONDS – 2022

BOND MATURITY SCHEDULE

Dated: Date of Delivery

Principal Due: June 1, 2023 - 2037 inclusive
Interest Due: June 1, 2023, December 1, 2023 and semi-annually thereafter on June 1 and December 1 in each year to maturity

<u>Amount*</u>	<u>Maturity</u>	<u>Rate</u>	<u>Price or Yield</u>	<u>CUSIP #</u>
\$430,000	2023			
460,000	2024			
480,000	2025			
500,000	2026			
520,000	2027			
530,000	2028			
550,000	2029			
575,000	2030**			
600,000	2031**			
635,000	2032**			
660,000	2033**			
690,000	2034**			
720,000	2035**			
750,000	2036**			
775,000	2037**			

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

**Subject to redemption prior to maturity.

**CENTRAL ISLIP FIRE DISTRICT,
IN THE TOWN OF ISLIP
SUFFOLK COUNTY, NEW YORK**

97 Carleton Avenue
Central Islip, New York 11722
Telephone (631) 234-0321
Fax (631) 234-0324

BOARD OF COMMISSIONERS

Joseph Correia
Charles Doyle, Chairman
Robert A. Miller
Christopher Murphy
Robert D. Sutton

Marvin Bonilla, Fire District Treasurer
Diane Wesnofske, Secretary
Edward M. Freudenberg, Fire District Manager
Ingerman Smith, LLP, Attorney
* * *

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

CENTRAL ISLIP FIRE DISTRICT, IN THE TOWN OF ISLIP, SUFFOLK COUNTY, NEW YORK

\$8,875,000 FIRE DISTRICT SERIAL BONDS – 2022

This Official Statement and the appendices hereto present certain information relating to the Central Islip Fire District, in the Town of Islip, Suffolk County, in the State of New York (the “Fire District,” the “Town,” the “County” and the “State,” respectively) in connection with the sale of \$8,875,000 Fire District Serial Bonds – 2022 (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.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain. Accordingly, the Fire District’s overall economic situation and outlook (and all of the specific Fire District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this world-wide event. (See “*RISK FACTORS*” and “*IMPACT OF COVID-19*” herein.)

THE BONDS

Description of the Bonds

The Bonds will be dated the date of delivery, and will mature on June 1 in each of the years 2023 to 2037, inclusive, in the principal amounts as set forth on the inside cover page hereof. Interest on the Bonds will be payable on June 1, 2023, December 1, 2023 and semi-annually thereafter on June 1 and December 1 in each year to maturity.

The Bonds will be issued as registered bonds and, 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 any book-entry Bonds. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof. A single bond certificate will be issued for each maturity of the Bonds. Principal of and interest on any book-entry 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 System*” under “*THE BONDS*,” herein).

The Record Date of the Bonds will be the fifteenth day (whether or not a business day) of the calendar month immediately preceding each interest payment date.

The Fire District Treasurer will act as Fiscal Agent for any Bonds issued in book-entry form. For any Bonds issued as certificated bonds, the purchaser may act as Fiscal Agent. Paying Agent fees, if any, will be paid by the purchaser. The Fire District's contact information is as follows Marvin Bonilla, Fire District Treasurer, Central Islip Fire District in the Town of Islip, 97 Carleton Avenue, Central Islip, NY 11722, Phone (631) 234-0321, Fax (631) 234-0324 and email: marvinbonilla@centralislipfd.com.

Optional Redemption

The Bonds maturing on or before June 1, 2029 will not be subject to redemption prior to maturity. The Bonds maturing on June 1, 2030 and thereafter will be subject to redemption prior to maturity, at the option of the Fire District, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), on any date on or after June 1, 2029, at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

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

Description of Book-Entry System

DTC will act as Securities Depository for any Bonds issued in book-entry form. The book-entry 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. (See "Certificated Bonds," herein.)

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 OBLIGATION 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 any of the Bonds are issued as book-entry bonds and such book-entry-only system is discontinued, and a successor book-entry securities depository is not appointed, the Bonds will be issued in registered form in denominations of \$5,000, or integral multiples thereof. Principal of and interest on the Bonds when due will be payable at the principal corporate trust office of a bank or trust company to be named by the Fire District as the fiscal agent; certificated Bonds may be transferred or exchanged at no cost to the owner of such bonds at any time prior to maturity at the corporate trust office of the fiscal agent for bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the certificate of the Fire District Treasurer authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law.

Authorization and Purpose

The Notes are being issued in accordance with the Constitution and statutes of the State of New York, including the Local Finance Law, pursuant to the Bond Resolutions duly adopted by the Board of Commissioners of the Fire District on March 11, 2019, and subsequently approval as a proposition by a majority of the qualified voters of the Fire District voting thereon at the Special Election held on April 9, 2019, to finance the construction of (i) a new substation on land currently owned by the Fire District located on Eastview Drive in Central Islip, (ii) a new training facility to be located on the site of Fire Station 2 of the Fire District and (iii) various improvement to existing fire houses in the Fire District. The total estimated cost of the project was increased \$12,656,666 by an amendatory bond resolution adopted October 3, 2022 by the Board of Fire Commissioners and approved by a majority of the qualified voters of the Fire District voting thereon at the Special Elections held on November 1, 2022, said amendatory bond resolution to authorize the use of an additional \$2,426,951 available of expected to be available from the existing Building and Furnishing Capital Reserve Funds. The Fire District issued bond anticipation notes in the amount of \$5,500,000 pursuant to the authorization. A portion of the proceeds of the Bonds in the amount of \$5,150,000 will be used to redeem the outstanding bond anticipation notes at maturity.

For further information regarding bond authorizations of the Fire District for capital purposes and other matters relating thereto see “*Indebtedness of the Fire District*”, herein.

Security and Source of Payment

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

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

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

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

REMEDIES UPON DEFAULT

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

Upon default of the payment of principal of or interest on the Bonds, at suit of the owner, a Court has power in proper and appropriate proceedings to render a judgment against the Fire District. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. Courts also have the power in proper and appropriate proceedings to order payment of a judgment on such Bonds from funds lawfully available therefor or, in the absence thereof, to order the Fire District to take all lawful action to obtain the same, including the inclusion of the required amount in the next request to the Town to place such amount in the next annual tax levy. In exercising its discretion as to whether to enter such an order, the Courts may take into account all relevant factors, including the current operating needs of the Fire District and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on a Bond, the owner of such Bond could, among other things, seek to obtain a writ of mandamus from a Court requiring the governing body of the Fire District to cause the assessment, levy and collection of an *ad valorem* tax, upon all property of the Fire District subject to taxation by the Fire District, sufficient to pay the principal of and interest on the Bonds as the same shall come due (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Bonds and the proceedings with respect thereto, all of which are included in the contract with the owners of the Bonds. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of holders of bonds and notes, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 41 N.Y.2d 644 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Fire District.

Pursuant to Article VIII, Section 2 of the State Constitution, municipalities and school districts are required to provide an annual appropriation of monies for the payment of due principal of and interest on indebtedness. Specifically, this Constitutional provision states: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This Constitutional provision providing for first revenue set aside does not apply by its terms to the Fire District. However, pursuant to Section 100.00 of the Local Finance Law, a fire district, including the Fire District, must pledge its faith and credit to the payment of its indebtedness.

While the courts in the State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While Courts in the State have upheld and sustained the rights of bondholders and/or noteholders, a Court might hold that future events, including a financial crisis as such may occur in the State or in any of its political subdivisions, including municipalities and fire districts of the State, may require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

NO DEFAULT STATE

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

BANKRUPTCY

The Federal Bankruptcy Code (Chapter IX) allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Title 6-A of the Local Finance Law specifically authorizes any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts and fire districts, there can be no assurance that it will not become applicable in the future. As such, the undertakings of the Fire District should be considered with reference, specifically, to Chapter IX, and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Bankruptcy proceedings by the Fire District if authorized by the State in the future could have adverse effects on bondholders and/or noteholders including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the Fire District after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Bonds.

The above references to said Chapter IX are not to be construed as an indication that the State will consent in the future to the right of the Fire District to file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness or that the Fire District is currently considering or expects to resort to the provisions of Chapter IX if authorized to do so in the future.

THE FIRE DISTRICT

Description

The Fire District is located in western Suffolk County and lies wholly within the Town of Islip. It was established as a Fire District in 1906. It has an area of approximately 5,597 acres. Major industries include fields of aerospace, electronics, consumer goods and other light manufacturing. The region supports large retail sales and a host of service enterprises. The Fire District is served by two weekly newspapers, several churches and a public library. The Central Islip station of the Long Island Railroad provides easy access to New York City, and the rest of Long Island. Water is supplied to most of the Fire District by the Suffolk County Water Authority, electric power by PSEG Long Island, gas by Keyspan and the telephone service by AT&T and Verizon. Police protection is provided by the Suffolk County Police. Steady employment is provided by numerous industrial establishments located in industrial parks within the Fire District. The Fire District has a large area zoned for industry on which a growing number of industrial parks are located and a major grocery chain maintains a large warehouse facility.

The Fire District has several large shopping centers and multiple hotels serving the immediate area and there are small neighboring shopping centers. The Fire District is minutes away from the Town of Islip's MacArthur Airport, which has become important to the economic life of Suffolk County. Central Islip is a short distance by car from two of the area's public parks, Heckscher State Park and Sunken Meadow State Park. The County and Federal Government have established its Court Complex in Central Islip. Arterial approaches to the Fire District are excellent, since it lies midway between the Southern State Parkway and the Long Island Expressway.

Form of Government

The Fire District is governed by a five (5) member Board of Fire Commissioners who are elected to five (5) year terms on a staggered basis. The Chairman of the Board is elected by the Commissioners at the Organizational Meeting held each year within the fifteen days in January, at which time the Board appoints a Secretary and Treasurer. A full time District Manager is employed to oversee the overall operations of the Fire District. A volunteer force is responsible for the operation of the Fire Department equipment and apparatus.

Employees

The Fire District has 8 full-time employees, 18 paid part-time employees and 5 per diem employees, none of which are represented by organized labor units.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

The following table sets forth population statistics for the Town of Islip, Suffolk County and New York State.

<u>Year</u>	<u>Town of Islip</u>	<u>Suffolk County</u>	<u>New York State</u>
2000	335,796	1,419,369	18,976,457
2010	335,543	1,493,350	19,378,102
2020	330,584	1,481,364	19,514,849

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 Islip. 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>Per Capita Money Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
Town of Islip	\$16,778	\$23,699	\$30,388	\$40,347
County of Suffolk	18,481	26,577	35,755	46,466
State of New York	16,501	23,389	30,948	40,898

	<u>Median Household Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
Town of Islip	\$50,212	\$65,359	\$81,028	\$103,629
County of Suffolk	53,244	72,112	84,506	105,362
State of New York	39,741	51,691	55,603	71,117

Source: United States Bureau of the Census

a. Based on American Community Survey 1-Year Estimates (2020)

Unemployment Rates

<u>Annual Averages:</u>	<u>Town of Islip (%)</u>	<u>Suffolk County (%)</u>	<u>New York State (%)</u>
2017	4.5	4.5	4.7
2018	3.8	3.9	4.1
2019	3.7	3.7	4.0
2020	8.8	8.5	10.0
2021	4.6	4.6	6.9
2022 (8 Month Average)	3.4	3.3	4.6

Source: Department of Labor, State of New York

Selected Listing of Larger Employers in the Town of Islip
(As of 2022)

<u>Name</u> ^a	<u>Type of Business</u>	<u>Estimated Number of Employees</u>
Good Samaritan Hospital	Hospital	3,500
Southside Hospital	Hospital	2,500
NBTY	Vitamins, Minerals & Nutrients	2,100
Broadridge Financial Services	Payroll/ Data Services	1,700
Positive Promotions	Manufacturer	600
Sysco	Food Products	600
Creative Bath	Manufacturer	550
Wenner Bread Products	Food Products	550
Data Device	Electronic Components	500
Ascent Pharmaceuticals	Manufacturer	460
Allstate	Insurance	385
David Peyser Sportswear	Manufacturer/ Distributor	350
Whitson's	Food Manufacturer	350

Source: Division of Economic Development Town of Islip.

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.

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 November 8, 2022)

<u>In Towns of:</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate (%)</u>	<u>Full Valuation</u>
Islip (2021-2022)	\$350,207,839	9.28	\$3,773,791,369
Debt Limit - 3% of Full Valuation			\$113,213,741
Inclusions:			
Outstanding Bonds			\$0
Bond Anticipation Notes			<u>5,150,000</u>
Total Indebtedness			<u>5,150,000</u>
Appropriations			<u>0</u>
Total Net Indebtedness Before Issuing the Notes			<u>5,150,000</u>
The Bonds			8,875,000
Less: BANs to be Redeemed by the Notes			<u>5,150,000</u>
Net Effect of the Notes			<u>3,725,000</u>
Total Net Indebtedness After Issuing the Bonds			<u>8,875,000</u>
Net Debt Contracting Margin			<u><u>\$104,338,741</u></u>
Per Cent of Debt Contracting Margin Exhausted			7.84%

Details of Short-Term Indebtedness Outstanding

As of the date of this Official Statement, the Fire District has bond anticipation notes outstanding in \$5,150,000 that mature on December 2, 2022. A portion of the proceeds of the Bonds, will be used to redeem the outstanding bond anticipation notes.

Trend of Outstanding Indebtedness

As at June 30:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Bonds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
BANs	-	-	-	5,500,000	5,500,000
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,500,000</u>	<u>\$ 5,500,000</u>

Source: Financial Statements of the Fire District

Debt Service Requirements - Outstanding Bonds

As of the date of this Official Statement, the Fire District does not have any long-term debt outstanding.

Authorized but Unissued Debt

The Fire District has authorized but unissued debt in the aggregate amount of \$3,729,715 for the construction of improvements and purchase of equipment.

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Suffolk	08/11/2022	1.12	\$15,466,847	\$13,515,630
Town of Islip	07/26/2022	7.67	13,312,052	12,075,877
Central Islip UFSD	06/30/2022	99.73	23,551,239	4,816,846
Totals			\$52,330,138	\$30,408,353

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

Debt Ratios

(As of November 8, 2022)

	<u>Amount^a</u>	<u>Per Capita^b</u>	<u>Percentage of Full Value (%)^c</u>
Total Direct Debt	\$ 5,150,000	\$ 136	0.136
Net Direct Debt	5,150,000	136	0.136
Total Direct & Applicable Total Overlapping Debt	57,480,138	1,513	1.523
Net Direct & Applicable Net Overlapping Debt	35,558,353	936	0.942

a. Includes outstanding bonds and notes only. Does not include any other financial obligations. See also “*Authorized but Unissued Debt*” herein.

b. The current population of the Fire District is 38,000.

c. The full valuation of taxable property is \$3,773,791,369.

FINANCES OF THE FIRE DISTRICT

The Fire District has incurred certain expenses associated with the COVID-19 pandemic, including but not limited to, costs related to cleaning supplies and equipment, the aggregate cost of which total approximately \$50,000. The Fire District has paid such costs from budgetary appropriations and/or available funds. Such increased costs described above did not have a material adverse impact on the finances of the District. However, if the Fire District incurs significant expenses related to the Covid-19 pandemic in the future such expenses may have a material adverse impact on the finances of the Fire District.

Independent Audit

The financial affairs of the Fire District are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Fire District has complied with the requirements of various state and federal statutes. The financial statements of the Fire District are audited each year by an independent public accountant. The last such audit covers the fiscal year ended December 31, 2021 which is included herein as Appendix B.

Investment Policy

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

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

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

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

Service Award Program

The Fire District sponsors a Length of Service Award Program (LOSAP) with two components, pre- and post-entitlement age, which took effect January 1, 1991.

The program, consistent with the provisions of Article 11-A of the General Municipal Law, is a defined benefit plan where the award to be paid to eligible volunteers is twenty dollars (\$20.00) per month for each qualified year of active firefighter's service, not to exceed forty (40) years, with benefit payment commencing when the eligible volunteer firefighter reaches age fifty-five (55). To earn a year of credited service a participant must accumulate a minimum of fifty (50) points under the Fire District's LOSAP Point System. The participant's accrued benefit is 100% vested after the volunteer firefighter has earned credit for five (5) years, attains entitlement ages, is awarded a finding of total and permanent disability or dies. All active volunteer firefighters who are members of the Central Islip Fire Department are eligible to participate in this component of the LOSAP.

The second component of the LOSAP is for post entitlement age volunteer firefighters who have not yet reached the maximum number of years provided in Article 11-A of the General Municipal Law for earning credit in a defined benefit plan program. Credit is earned in the identical manner as the original component of the LOSAP but the benefit is paid annually as a lump sum payment in the year that follows the successful completion of a year of firefighting service. All active volunteer firefighters who are members of the Central Islip Fire Department and fifty-five (55) years of age and older are eligible to participate in this component of the LOSAP. The plan also provides for death and disability benefits. Contributions of the plan are determined on an actuarial basis.

The Fire District contributions to the LOSAP and ERS since 2017 are follows:

Fiscal Year Ending <u>December 31:</u>	<u>LOSAP</u>
2017	\$369,880
2018	589,125
2019	424,489
2020	439,942
2021	442,065
2022 (Budgeted)	450,000

Employee Pension System

Substantially all full time employees of the Fire District are members of the New York State and Local Employees' Retirement System ("ERS") (the "Retirement System"). The ERS is generally also known as the "Common Retirement Fund". The Retirement System are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employee are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System.

The ERS is non-contributory with respect to members hired prior to July 27, 1976 (Tier 1 & 2); members hired from July 27, 1976 through December 31, 2009 (Tier 3 & 4) contribute 3% for the first 10 years of service and then become non-contributory; members hired from January 1, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

For ERS, Tier 5 provides for:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring employees to continue contribution 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police & firefighters at 15% of non-overtime wages.

For both ERS, Tier 6 provides for:

- Increase contribution rates of between 3% and 6% base on annual wage.
- Increase in the retirement age from 62 years to 63 years.
- A readjustment of the Pension multiplier.
- A change in the period for final average salary calculation from 3 years to 5 years.

As of April 9, 2022, Tier 5 and 6 members only need five years of service credit to be vested. This affects members of the ERS. Previously, Tier 5 and 6 members needed 10 years of service to be eligible for a service retirement benefit. (The new legislation does not change eligibility for disability retirement benefits that are established by the retirement plan.)

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The Fire District does not have any early retirement incentives outstanding.

Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program that establishes a minimum contribution for any employer equal to 4.5% of pensionable salaries for required contributions due December 15, 2003 and for all years thereafter where the actual rate would otherwise be 4.5% or less. In addition, it instituted a billing system that will advise employers over one year in advance concerning actual pension contribution rates.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

The 2013-14 Adopted State Budget included a provision that authorized local governments, including the Fire District, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and PFRS. For 2023-2024 the rate is 13.1% for ERS and 27.8% for PFRS; the rates applicable to 2025 and thereafter are subject to adjustment. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

The Fire District is not amortizing or smoothing any pension payments nor does it intend to do so in the foreseeable future.

The investment of monies and assumptions underlying same, of the Retirement Systems covering the Fire District's employees is not subject to the direction of the Fire District. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALS"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALS could be substantial in the future, requiring significantly increased contributions from the Fire District which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement System.

The Fire District is required to contribute an actuarially determined rate. The Fire District's contributions made to the Retirement System were equal to 100% of the contributions required for each year.

Budgetary Procedures

The Board of Fire Commissioners, with the assistance of the Fire District Treasurer, prepares a budget each year. The budget is then adopted by the Board as its final budget for the coming fiscal year. The budget is not subject to referendum unless the operating portion exceeds the limitations provided by law. The budget is submitted to the Town of Islip and the Town is specifically prohibited from making any change in the Fire District budget, which is included in the Town budget. Following adoption by the Town Board such budget becomes the adopted budget of the Town, which levies and collects taxes for Fire District purposes.

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 2022 and 2023 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 2022 and 2023 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 Islip. 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 cause the levy of 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 2017 through 2021, inclusive and the amounts budgeted for the 2022 fiscal year.

Fiscal Year Ending <u>December 31:</u>	<u>Total Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues (%)</u>
2017	\$5,470,632	\$3,381,802	61.82
2018	3,678,549	3,447,435	93.72
2019	5,073,116	3,536,309	69.71
2020	4,918,075	3,630,591	73.82
2021	3,895,651	3,700,847	97.05
2022 (Budgeted)	4,364,715	3,900,000	89.35

Tax Collection Procedure

Fire District taxes are collected by the Town Receiver of Taxes and are payable in two installments, with the first installment payable from December 1st to January 10th without penalty. After January 10th, a 1% penalty is applied, an additional 1% penalty is added for each 30 days or part thereof that taxes remain unpaid, up to a maximum of 5%. Second half taxes are due May 1st, payable without penalty to May 31st, after which the same penalties apply. After May 31st, the Town Receiver of Taxes, after retaining the full amount of Town Special District and District taxes, turns over any uncollected taxes to the County Treasurer who assumes collection of said unpaid taxes plus penalties and any additional charges. As the Fire District receives the full amount of its taxes from the Town Receiver of Taxes, 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, 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 Notes, is subject to the statutory limitations imposed by the Tax Levy Limit Law.

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

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

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

Valuations, Rates and Levies

A summary of Valuations and Levies may be found in Appendix A.

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Selected Listing of Large Taxable Properties
2021-22 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
New York State	Hospital & Parkland	\$10,983,704
Island Headquarters	Office Building	8,755,000
Islandia SC I LL	Shopping Center	8,249,700
Hawthorne Court	Apartments	4,013,000
LIPA	Utility	3,301,462
Matrix Crossroad	Office Building	2,115,100
Roman Catholic	Church	2,013,400
Target Corporation	Commercial	1,700,400
Islip CSC LLC	Warehouse & Distribution Facility	1,575,000
Home Depot USA Inc.	Commercial	1,549,600
Keyspan Gas East Corporation	Utility	1,453,328
2-32C Wheeler Road Inc.	Shopping Center	1,201,200
Central Islip Hospital	Hospital	1,167,000
Vanderbilt Plaza	Commercial	1,030,000
LILCO	Utility	<u>940,395</u>
	Total ^a	<u><u>\$50,048,289</u></u>

a. Represents 14.29 % of the 2021-22 Assessed Valuation of the Fire District.

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 otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending in which the Fire District has not asserted and/or has the ability to assert a substantial and adequate defense, no which, if determined against the Fire District, would have a substantial adverse material effect on the financial condition of the Fire District

IMPACT OF COVID-19

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, could have an adverse impact on the Fire District's financial condition and operating results in various ways, including by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Efforts to contain the spread of COVID-19 has reduced the spread of the virus in some areas and there have been recent efforts to relax the restrictions put in place following the initial outbreak. The degree of the impact to the Fire District's operations and finances as a result of COVID-19 is difficult to predict due to the uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The spread of the outbreak or a resurgence could have a material adverse effect on the State and municipalities and school districts located in the State, including the Fire District. The Fire District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its 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.

RISK FACTORS

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 "*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.

A public health threat such as the COVID-19 pandemic may also affect the operations and/or finances of the Fire District. (See "*IMPACT OF COVID-19*," herein.)

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, however for tax years beginning after December 31, 2022, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The Tax Certificate of the 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, in substantially the form set forth in Appendix C.

DISCLOSURE UNDERTAKING

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

BOND RATING

The Fire District has applied to Moody’s Investors Service (“Moody’s”), 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761, for a rating on the Bonds. Such application is pending at this time. The rating will reflect only the view of such rating agency and an explanation of the significance of such rating should be obtained from the respective rating agency. There can be no assurance that such rating will not be revised or withdrawn, if in the judgement of agency circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price and the availability of a secondary market for the outstanding bonds and notes of the Fire District.

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 not audited, authenticated, or otherwise verified the information provided by the Fire District or the information set forth in this Official Statement or any other information available to the Fire District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from Marvin Bonilla, Fire District Treasurer, Central Islip Fire District in the Town of Islip, 97 Carleton Avenue, Central Islip, NY 11722, Phone (631) 234-0321, Fax (631) 234-0324 and email: marvinbonilla@centralislipfd 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>.

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

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 delegates to the Fire District Treasurer the power to sell and issue the Bonds.

CENTRAL ISLIP FIRE DISTRICT,
IN THE TOWN OF ISLIP,
SUFFOLK COUNTY, NEW YORK

By MAVIN BONILLA
Fire District Treasurer
Central Islip Fire District
in the Town of Islip, Suffolk County
Tappan, New York

November , 2022

APPENDIX A

FINIANCIAL INFORMATION

**Statement of Revenues, Expenditures & Changes in Fund Balance
Governmental Fund**

	Fiscal Year Ending December 31:				
	2017	2018	2019	2020	2021
Revenues:					
Real Property Taxes	\$ 3,381,802	\$ 3,447,435	\$ 3,538,660	\$ 3,630,591	\$ 3,700,847
Payment in Lieu of Taxes	83,849	115,545	112,144	131,316	142,464
Interest and Earnings	7,014	8,031	8,930	6,799	177,463
Rental of Real Property			300	75	150
Sale of Equipment		1,500	33,100	28,330	15,526
Insurance Recovery	10,830	4,785	11,633	2,786	3,445
Grants from Local Government	750,000		400,000	8,013	19,113
Refund Expenses	17,137	101,252	148,349	78,246	12,589
Other Unclassified - LOSAP Investment Earnings				178,030	
Total Revenues	4,250,632	3,678,548	4,253,116	4,064,186	4,071,597
Expenditures:					
Personal Services	827,024	837,705	885,814	891,322	891,363
Equipment and Capital Outlay	549,050	384,191	955,280	6,356,143	1,189,688
Fire Protections	924,156	1,023,263	963,013	854,783	952,228
State Retirement	88,722	95,194	90,392	86,331	119,366
Service Award	369,880	369,630	424,489	703,270	680,551
Social Security	60,627	64,131	67,792	68,177	62,864
Worker's Compensation	301,056	274,794	245,782	254,007	238,571
Life Insurance	50,861	57,309	58,277	57,410	79,094
Disability Insurance	566	772		20,119	25,675
Hospital, Medical, Travel and Auto Insurance	299,651	316,362	291,982	254,023	268,509
Debt Service				33,548	460,565
Total Expenditures	3,471,593	3,423,351	3,982,821	9,579,133	4,968,474
Excess (Deficiency) of Revenues Over Expenditures	779,039	255,197	270,295	(5,514,947)	(896,877)
Other Financing Sources and (Uses)					
Operating Transfer In	1,220,000	620,000	820,000	1,338,650	1,035,046
Premium on Obligations				15,405	48,180
Proceeds from Installment Purchase Debt				2,363,451	
Operating Transfer (Out)	(1,220,000)	(620,000)	(820,000)	(1,338,650)	(1,035,046)
Total Other Financing Sources and (Uses)	0	0	0	2,378,856	48,180
Excess (Deficiency) of Revenues Over Expenditures & Other Uses	779,039	255,197	270,295	(3,136,091)	(848,697)
Fund Equity Beginning of Year	2,464,845	3,243,884	3,499,081	3,769,376	5,386,000
Prior Period Adjustment				4,752,715 ^a	
Fund Equity End of Year	\$ 3,243,884	\$ 3,499,081	\$ 3,769,376	\$ 5,386,000	\$ 4,537,303

Note: This Schedule is not Audited.

Source: Audited Annual Financial Reports (2017-2021)

a: Prior Period Adjustment: In March 2020 the Office of the New York State Comptroller issued a memorandum titled Accounting and Financial Reporting for Fiduciary Activities as Required by GASB Statement 84. This memorandum was updated by a clarifying memorandum in November 2022. This bulletin provided the District with guidance on identifying fiduciary activities for accounting and financial reporting purposes and how local governments are to account and report these activities in the December 31, 2022 Annual Update Document and co-existing report for governments reporting under the Regulatory Basis of Accounting. The memorandum goes on to identify several activities which no longer are to be considered fiduciary activities. These included Length of Service Award Program Assets. LOSAP assets are considered assets of the District and are being accumulated for pension purposes, as such the Office of the State Comptroller directed that these assets are to be reported within the District's governmental funds. The District has elected to present this within the General Fund under the caption "Service Award Program". The adoption of this accounting principle caused a prior period adjustment to increase fund balance in the amount of \$4,752,388.

Balance Sheet
Governmental Fund

	Fiscal Year Ending December 31:	
	2020	2021
Assets:		
Cash	\$ 90,906	\$ 716,820
Cash in Time Deposits	6,608,616	5,445,278
Accounts Receivables	15,258	672
Prepaid Expenditures	134,439	46,466
Due from Other Funds	15,405	35,240
Service Award Program Assets	4,667,090	4,596,541
Total Assets	\$ 11,531,714	10,841,017
 Liabilities:		
Accounts Payable	\$ 163,665	215,344
Accrued Liabilities	43,522	52,733
Due to Retirement System	64,271	97,942
Due to Other Funds	15,405	35,240
Bond Anticipation Note Payable	5,500,000	5,500,000
Accrued Interest Payable	33,548	40,104
Compensated Absences		197
Deferred Revenues	325,303	362,154
Total Liabilities	6,145,714	6,303,714
 Fund Balances:		
Restricted	4,126,728	7,109,114
Nonspendable	124,872	44,576
Assigned		1,996
Unassigned	1,134,400	(2,618,383)
Total Fund Balances	5,386,000	4,537,303
Total Liabilities, Deferred Inflows and Fund Balances	\$ 11,531,714	10,841,017

Note: This Schedule is not Audited.

Source: Audited Annual Financial Reports (2020-2021)

BUDGET SUMMARIES

	Fiscal Year Ending December 31:	
	2022	2023
Revenues:		
Real Property Tax	\$ 3,900,000	\$ 4,867,139
Interest & Earnings		
PILOT	110,000	110,000
Transfer from Capital Fund	354,715	
Total Revenues	\$ 4,364,715	\$ 4,977,139
Expenditures:		
Personal Services	\$ 900,000	\$ 930,000
Equipment	90,000	95,000
Contractual Expenditures	1,167,321	1,197,650
Employee Benefits	1,360,419	1,298,330
Debt Service	794,975	1,256,159
Transfers	52,000	200,000
Total Expenditures	\$ 4,364,715	\$ 4,977,139

Source: Adopted Budgets of the Fire District.

FINANCIAL INFORMATION

Valuations, Tax Levies and Tax Rates

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Town of Islip:					
Assessed Valuation \$	339,985,802	341,339,382	342,363,127	349,369,876	350,207,839
Equalization Rate	12.12%	11.35%	10.77%	9.70%	9.28%
Full Valuation	2,805,163,383	3,007,395,436	3,178,859,118	3,601,751,299	3,773,791,369
Tax Levy \$	3,447,435	3,538,660	3,630,590	3,701,101	3,900,000

**CENTRAL ISLIP FIRE DISTRICT
IN THE TOWN OF ISLIP,
SUFFOLK COUNTY**

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

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.



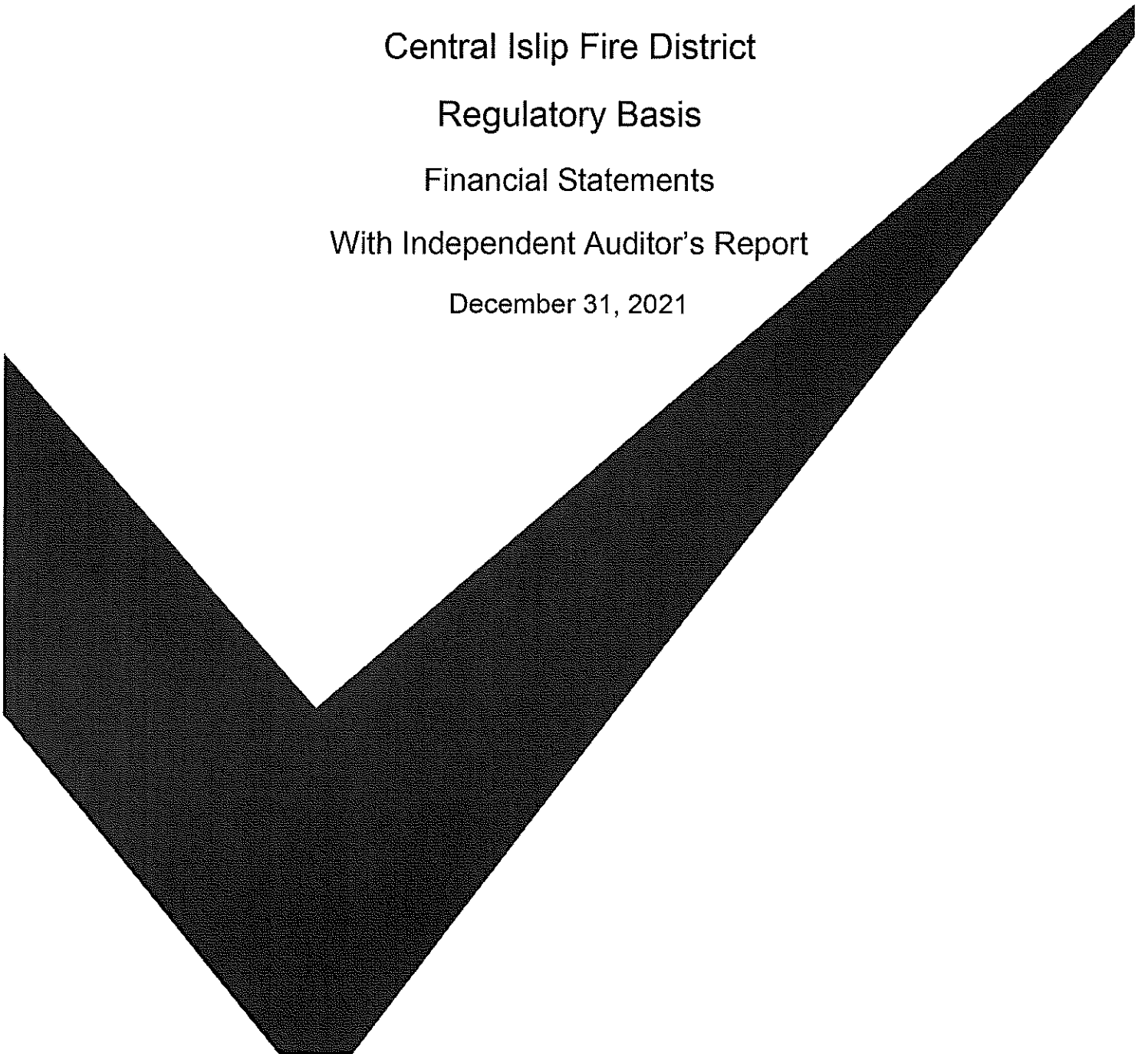
Central Islip Fire District

Regulatory Basis

Financial Statements

With Independent Auditor's Report

December 31, 2021



CENTRAL ISLIP FIRE DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners of
Central Islip Fire District
97 Carleton Ave
Central Islip, NY 11722

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements (regulatory basis) of the Central Islip Fire District (the "District") as of and for the year ended December 31, 2021, as listed in the table of contents, and the related notes to these financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements (regulatory basis) referred to in the first paragraph present fairly, in all material respects, the respective financial position of the General Fund, Capital Projects Fund, General Fixed Assets and General Long-Term Debt Account Groups of the District, as of December 31, 2021 and its changes in the Governmental Fund's financial position for the year then ended, in accordance with the financial reporting provisions of the Office of the New State Comptroller's Uniform System of Accounts as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" section of our report, the accompanying financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the District as of December 31, 2021, or the changes in net position thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinion on the regulatory basis of accounting and our adverse opinion on U.S. generally accepted accounting principles.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the District in accordance with the financial reporting provisions of the Office of the New State Comptroller's Uniform System of Accounts, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Office of the New York State Comptroller. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the Office of the New State Comptroller's Uniform System of Accounts, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the regulatory basis financial statements that collectively comprise the District's financial statements as a whole. The Supplemental Statement of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – General Operating Fund – Regulatory Basis included in this report is not a required part of the regulatory basis financial statements under the regulatory basis of accounting described in Note 1. This statement is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects, in relation to the regulatory basis financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 29, 2022 on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Craig Fitzsimmons & Meyer, LLP".

Smithtown, NY
June 29, 2022

Central Islip Fire District

Regulatory Basis

Financial Statements

December 31, 2021

CENTRAL ISLIP FIRE DISTRICT
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS AND ACCOUNT GROUPS - REGULATORY BASIS
DECEMBER 31, 2021

	Governmental Funds					Account Groups			
	General Operating	Capital Reserve	Reserve for Accumulated Employee Benefits	Service Award Program	Total General Funds	Capital Projects Fund	Total Governmental Funds	General Fixed Assets	General Long-Term Debt
ASSETS									
Cash	\$ 716,820	\$ -	\$ -	\$ -	\$ 716,820	\$ -	\$ 716,820	\$ -	\$ -
Cash in time deposits	873,757	2,444,928	50,001	-	3,368,686	2,076,592	5,445,278	-	-
Accounts receivable	672	-	-	-	672	-	672	-	-
Prepaid expenditures	44,576	1,500	-	-	46,076	390	46,466	-	-
Due from other funds	-	19,835	-	-	19,835	15,405	35,240	-	-
Service award program assets	-	-	-	4,596,541	4,596,541	-	4,596,541	-	-
Land, buildings, and equipment	-	-	-	-	-	-	-	23,899,478	-
Amounts to be provided for in future budgets	-	-	-	-	-	-	-	-	7,866,586
Total assets	\$ 1,635,825	\$ 2,466,263	\$ 50,001	\$ 4,596,541	\$ 8,748,630	\$ 2,092,387	\$ 10,841,017	\$ 23,899,478	\$ 7,866,586
LIABILITIES AND DEFERRED INFLOWS									
LIABILITIES									
Accounts payable	\$ 41,071	\$ 3,691	\$ -	\$ -	\$ 44,762	\$ 170,582	\$ 215,344	\$ -	\$ -
Accrued expenditures	52,733	-	-	-	52,733	-	52,733	-	-
Due to employee retirement system	97,942	-	-	-	97,942	-	97,942	-	-
Due to other funds	33,440	-	-	-	33,440	1,800	35,240	-	-
Bond anticipation note payable	-	-	-	-	-	5,500,000	5,500,000	-	-
Accrued interest payable	-	-	-	-	-	40,104	40,104	-	-
Retained percentages	-	-	-	-	-	-	-	-	18,097
Installment purchase debt	197	-	-	-	197	-	197	-	2,046,156
Compensated absences	-	-	-	-	-	-	-	-	51,370
Net pension liability - proportionate share	-	-	-	-	-	-	-	-	1,424
Service award program payable	-	-	-	-	-	-	-	-	5,749,539
Total liabilities	225,383	3,691	-	-	229,074	5,712,486	5,941,560	-	7,866,586
DEFERRED INFLOWS									
Real property taxes collected in advance	362,154	-	-	-	362,154	-	362,154	-	-
Total liabilities and deferred inflows	587,537	3,691	-	-	591,228	5,712,486	6,303,714	-	7,866,586
FUND BALANCES									
Non-current government assets	-	-	-	-	-	-	-	23,899,478	-
Restricted funds	-	-	-	-	-	-	-	-	-
Communications reserve	-	470,173	-	-	470,173	-	470,173	-	-
Fire apparatus and equipment reserve	-	305,945	-	-	305,945	-	305,945	-	-
Building, grounds and furnishings reserve	-	1,644,978	-	-	1,644,978	-	1,644,978	-	-
Historic preservation reserve	-	41,476	-	-	41,476	-	41,476	-	-
Employee benefit reserve	-	-	50,001	-	50,001	-	50,001	-	-
Service award program	-	-	-	4,596,541	4,596,541	-	4,596,541	-	-
Non-spendable	44,576	-	-	-	44,576	-	44,576	-	-
Assigned unappropriated	1,996	-	-	-	1,996	-	1,996	-	-
Unassigned	1,001,716	-	-	-	1,001,716	(3,620,099)	(2,618,383)	-	-
Total fund balances	1,048,288	2,462,572	50,001	4,596,541	8,157,402	(3,620,099)	4,537,303	23,899,478	-
Total liabilities, deferred inflows and fund balances	\$ 1,635,825	\$ 2,466,263	\$ 50,001	\$ 4,596,541	\$ 8,748,630	\$ 2,092,387	\$ 10,841,017	\$ 23,899,478	\$ 7,866,586

The accompanying notes are an integral part of these financial statements.

CENTRAL ISLIP FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Governmental Funds						
	General Operating	Capital Reserve	Reserve for Accumulated Employee Benefits	Service Award Program	Total General Funds	Capital Projects Fund	Total Governmental Funds
REVENUES							
Real property taxes	3,700,847	-	-	-	3,700,847	-	3,700,847
Payments in lieu of taxes	142,464	-	-	-	142,464	-	142,464
Interest and earnings	1,517	1,373	1	173,849	176,740	723	177,463
Rental of real property	150	-	-	-	150	-	150
Sale of equipment	15,526	-	-	-	15,526	-	15,526
Insurance recoveries	3,445	-	-	-	3,445	-	3,445
Refunds of prior year's expenditures	12,589	-	-	-	12,589	-	12,589
Grant from local government	19,113	-	-	-	19,113	-	19,113
Total revenues	3,895,651	1,373	1	173,849	4,070,874	723	4,071,597
EXPENDITURES							
Personal services	891,363	-	-	-	891,363	-	891,363
Equipment and capital outlay	68,322	161,446	-	-	229,768	959,920	1,189,688
Fire protection - contractual	946,316	-	-	5,912	952,228	-	952,228
State retirement system	119,366	-	-	-	119,366	-	119,366
Length of service award program	-	-	-	680,551	680,551	-	680,551
Social security, employer contribution	62,864	-	-	-	62,864	-	62,864
Workers' compensation	238,571	-	-	-	238,571	-	238,571
Life insurance	79,094	-	-	-	79,094	-	79,094
Disability insurance	25,675	-	-	-	25,675	-	25,675
Hospital and medical insurance	268,509	-	-	-	268,509	-	268,509
Installment purchase debt, principal	317,295	-	-	-	317,295	-	317,295
Installment purchase debt, interest	54,214	-	-	-	54,214	-	54,214
Bond anticipation note, interest	-	-	-	-	-	89,056	89,056
Total expenditures	3,071,589	161,446	-	686,463	3,919,498	1,048,976	4,968,474
Excess (deficiency) of revenues over expenditures	824,062	(160,073)	1	(512,614)	151,376	(1,048,253)	(896,877)
OTHER FINANCING SOURCES AND (USES)							
Operating transfers in	-	460,481	50,000	442,065	952,546	82,500	1,035,046
Premium on obligations	-	-	-	-	-	48,180	48,180
Operating transfers (out)	(1,035,046)	-	-	-	(1,035,046)	-	(1,035,046)
Total other financing sources and (uses)	(1,035,046)	460,481	50,000	442,065	(82,500)	130,680	48,180
Net Change in Fund Balances for Year	(210,984)	300,408	50,001	(70,549)	68,876	(917,573)	(848,697)
Fund Balances - Beginning of Year	1,259,272	2,162,164	-	4,667,090	8,088,526	(2,702,526)	5,386,000
Fund Balances - End of Year	\$ 1,048,288	\$ 2,462,572	\$ 50,001	\$4,596,541	\$ 8,157,402	\$ (3,620,099)	\$ 4,537,303

The accompanying notes are an integral part of these financial statements.

CENTRAL ISLIP FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Summary of Significant Accounting Policies

The financial statements of the Central Islip Fire District (District) as of and for the year ended December 31, 2021 have been prepared using accounting practices set forth in the Uniform System of Accounts (USA) prescribed and permitted by the Office of the New York State Comptroller (OSC), which differs from accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The financial statements of the District have been prepared using the modified accrual basis of accounting. This method differs from GAAP, which requires the accrual basis of accounting to be used. The accrual basis of accounting requires the capitalization and depreciation of property and equipment and the recording of long-term liabilities. Under the modified accrual basis of accounting, property and equipment are recorded as an expenditure when purchased and the satisfaction of long-term liabilities are recognized as expenditures when paid. In addition, GAAP requires the financial statements to be prepared in accordance with the Governmental Accounting Standards Board (GASB) No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. GASB 34 financial statements require the presentation of government-wide financial statements and management’s discussion and analysis. The accounting practices used to prepare these financial statements do not require compliance with GASB 34.

A full discussion of the modified accrual basis of accounting as prescribed by the USA is found in the notes which follow.

The significant accounting policies of the District are described below:

a. Financial Reporting Entity

The District is a district corporation and political subdivision of the State of New York, distinct from the municipalities in which it is located. In general, the District is governed by an elected board of fire commissioners (Board) and is required to have a treasurer and secretary. The District has the legal authority to levy taxes on real property and to borrow in its own name. The District is governed by General Municipal Law and other laws of the State of New York and its subdivisions. The scope of activities included in the accompanying financial statements are the transactions which comprise the District’s operations. The Board of Fire Commissioners is comprised of five (5) members who are elected to laddered five (5) year terms.

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

The financial reporting entity includes all funds, functions, and organizations over which the District’s Board exercises oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. No other government organizations have been included or excluded from the reporting entity.

b. Basis of Presentation

Fund Financial Statements

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

CENTRAL ISLIP FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Summary of Significant Accounting Policies – continued

b. Basis of Presentation – continued

Fund Financial Statements – continued

The fund financial statements provide information about the District's funds, and account groups. Separate statements for each fund category and account group are presented. The District's financial statements reflect the following fund types and account groups:

Governmental Fund Types

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

- I. General Operating Fund – the general operating fund is the principal operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- II. General Capital Reserve Fund – the capital reserve fund is used to account for the accumulation of financial resources and the disbursements for the acquisition, construction or renovation of major capital facilities, or equipment. These funds were established within the provisions of New York State Municipal Law. Capital Reserve Fund expenditures may only be disbursed for the purpose which the fund was established. Expenditures from this "type" of reserve fund require Board resolution, subject to a permissive referendum. Interest earned on reserve fund resources becomes part of the respective capital reserve fund.
- III. Employee Benefit Accrued Liability Reserve Fund – the District has established the Employee Benefit Accrued Liability Reserve Fund under GML Section 6-p. The fund's purpose is to pay for any accrued "employee benefit" due to an employee on termination of the employee's service. Employee benefits for this purpose means the authorized cash payment of monetary value of accrued and accumulated, but unused and unpaid sick leave, personal leave, holiday leave, vacation time, time allowances granted in lieu of overtime compensation or any other forms of payment for accrued, but unliquidated time earned by District employees and payable to employees upon termination of service, whether by retirement or otherwise.
- IV. Service Award Program Fund - the service award program fund is used to account for the accumulation of financial resources and related expenditures of the defined benefit length of service award program for the Central Islip Fire Department's active volunteer firefighters. This fund was established within the provisions of New York State Municipal Law. The program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters.
- V. Capital Projects Fund – the capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of major capital facilities or assets.

CENTRAL ISLIP FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Summary of Significant Accounting Policies – continued

c. Account Groups

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

- I. General Fixed Assets Account Group – the general fixed assets account group is used to account for land, buildings, improvements and equipment owned by the District. The District accounts for land, buildings and equipment at historical cost.
- II. General Long-Term Debt Account Group – the general long-term debt account group is used to account for all long-term debt and other obligations of the District. Long-term indebtedness included obligations such as vested or accumulated vacation and/or sick leave, which will be funded in future budgets. Also reported in the general long-term debt group are the District's obligations under lease/purchase, and other financing arrangements.

d. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures and the related assets, deferred outflows, liabilities and deferred inflows 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. Measurement focus is the determination of what is measured (i.e., expenditures or expenses).

Modified Accrual Basis (Regulatory Basis) – The governmental fund statements are reported on the modified accrual basis of accounting using the current financial resources measurement focus in accordance with the New York State Uniform System of Accounts (USA) for Fire Districts.

Under this basis of accounting, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days after the calendar year.

Expenditures are recorded when the related fund liability is incurred, except for prepaid expenses which are recognized in the period of benefit, principal and interest on general long-term debt are not funded as expenditures until payment is due; unfunded claims and judgments, and other post-employment benefits are charged as expenditures when payment is due.

e. Cash

Cash consists of cash on hand and monies in demand deposit checking or savings accounts.

f. Cash in Time Deposits

Cash in time deposits consists of monies held in an interest bearing account with restrictions or penalties for withdrawal, such as money market accounts, and short-term investments with original maturities of three (3) months or less from the date of acquisition.

CENTRAL ISLIP FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Summary of Significant Accounting Policies – continued

g. Cash in Reserves

Cash balances in Capital Reserves are considered to be restricted, because their use is restricted by New York State General Municipal Law. While separate bank accounts are not required to be maintained, the separate identity of each reserve fund must be maintained.

h. Property Taxes

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

i. Accounts Receivable

Accounts receivable are recorded according to the contracted terms, which in the opinion of the District is the net realizable value. Management reviews accounts receivable annually and if amounts are considered uncollectible, they are charged to the general operating fund.

j. Prepaid Items

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are shown as prepaid expenditures in the financial statements. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure is reported in the year the goods or services are consumed.

k. Interfund Transfers

The operations of the District give rise to certain transactions between the governmental funds, including transfers of expenditures and revenues to provide services and construct assets. This is either by budget, Board resolution or permissive referendum. Interfund transfers and the related receivables and payables (i.e., due from/to other funds) have been recorded in the funds where applicable.

The amounts reported on the Combined Balance Sheet – Governmental Funds and Account Groups – Regulatory Basis for due to and due from other funds represent amounts due between different governmental fund types.

l. General Fixed Assets

The modified accrual basis of accounting requires that general fixed assets purchased in the current year be recorded as expenditures in the respective governmental funds at the time of purchase. These assets are tracked in the General Fixed Assets Account Group at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital thresholds, the dollar value above which asset acquisitions are added to the capital asset accounts, are reported as follows:

	<u>Capitalization Threshold</u>
Land	\$0
Buildings	\$250
Equipment	\$250

CENTRAL ISLIP FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Summary of Significant Accounting Policies – continued

m. Accounts Payable, Accrued Liabilities, and Long-Term Obligations

In the fund financial statements, liabilities are reported only to the extent that expenses have been incurred and they are due for payment requiring a current outflow of financial resources. Long-term obligations are accounted for in the General Long-Term Debt Account Group; expenditures related to these long-term obligations are recognized only when payment is due.

n. Short-Term Debt

The District may issue bond anticipation notes (BANs) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

o. Fund Balance and Equity Classifications

The District has implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). GASB 54 changed the classification of fund balance to focus on the constraints imposed on resources in governmental funds, instead of the previous focus on availability for appropriation.

Fund balance is broken down into five (5) different classifications: non-spendable, restricted, committed, assigned, and unassigned.

Non-spendable consists of assets that are inherently non-spendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

Restricted consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board of Fire Commissioners is the decision-making authority that can, by resolution prior to the end of the fiscal year, commit fund balance.

Assigned consists of 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. The Board of Fire Commissioners by resolution has authorized the District Treasurer to assign fund balance.

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

CENTRAL ISLIP FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. Summary of Significant Accounting Policies – continued

o. Fund Balance and Equity Classifications – continued

When resources are available from multiple classifications, the District spends funds in the following order: restricted, committed, assigned, unassigned.

The District has, by resolution, adopted a fund balance policy that states the District must maintain a minimum unrestricted (the total of committed, assigned, and unassigned) fund balance of at least 2/12 of the annual budget. Unrestricted fund balance below the minimum should be replenished within the succeeding fiscal year.

p. Total Columns of the Financial Statements

The total columns in the combined financial statements are presented only to facilitate financial analysis. Data in these columns do not represent the financial position, results of operations or changes in financial position in conformity with accounting principles generally accepted in the United States of America, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

q. Reclassifications

Certain amounts presented in these co-existing financial statements have been reclassified from the Annual Update Document submitted to the OSC. Management believes that the financial statement presentation, while different than the Annual Update Document, conforms in all material respects to the accounting practices as set forth in the USA, prescribed and permitted by the OSC, which is a comprehensive basis of accounting other than GAAP.

r. Use of Estimates

The preparation of financial statements on the regulatory basis requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows (when present), liabilities and deferred inflows (when present) and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, and potential contingent liabilities.

s. Post-Employment Benefits

In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their surviving spouse. Healthcare benefits are provided through a third party insurance company whose premiums are based on the coverage provided. At the present time, the District fully covers the cost of providing post-employment benefits. The District's policy is to recognize the cost of providing benefits in the year paid. The District has not reflect any obligation related to providing post-employment health coverage in these financial statements. For the year ended December 31, 2021, health insurance premiums paid on behalf of three (3) retirees amounted to \$22,640.

t. Compensated Absences

Employees accrue vacation leave based primarily on the number of years employed up to a maximum rate of 18 days a year but may accumulate no more than a maximum of 30 days. Employees accrue compensation time daily on all hours worked in excess of 8 hours per day. Employees hired before January 1, 2022 may accumulate no more than a maximum of 30 days of compensation time.

CENTRAL ISLIP FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Summary of Significant Accounting Policies – continued

t. Compensated Absences

Employees hired after January 1, 2022, may accumulate compensation time credits however, will not be entitled to cash payment of this accrued time upon separation from service. Employees accrue personal leave at the rate of 40 hours on their anniversary date and may not accrue such credits past their next anniversary date. Upon separation with the District, employees are entitled to full payment of their eligible accrued leave at their current rate of pay. The obligation for compensated absences is accounted for in the General Long-Term Debt account group unless separation from service occurs within sixty (60) days after year end. At December 31, 2021, the general operating fund recognized a liability \$197 for such time.

u. Stewardship, Compliance, Accountability

i. Budgetary Procedures

The District is required to annually adopt a budget and, subject to certain public hearing requirements, hold a public hearing on the proposed budget during the third week in October.

The proposed budget must be adopted by resolution of the Board on or before the 21st day prior to the public hearing. The proposed budget must include estimates of revenues, the appropriation required for expenditures, and fund balance. After the public hearing, the Board must file or submit the District's budget and fund balance statement to the town clerk of the Town by November 7th.

Budgets are adopted on the basis of the financial reporting provisions of the State of New York Uniform System of Accounts for Fire Districts. Any revisions to the annual budget are approved by a resolution of the Board of Fire Commissioners.

In April 2019 New York State made permanent the provisions of Chapter 97 of the Laws of 2011 (Tax Cap Law). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of real property taxes that may be levied by the Fire District in a particular year. The growth of the District's annual levy is limited to the lesser of two percent (2%) or the annual change in the national unadjusted Consumer Price Index for All Urban Consumers – All Items (CPI-U), subject to certain limited exceptions and adjustments. The District's annual levy for 2021 did not exceed the New York State Tax Cap.

ii. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed as a control in preventing over expenditure of established appropriations. Open encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year. Expenditures for such commitments are recorded in the period in which the liability is incurred. At December 31, 2021, encumbrances amounted to \$1,996.

iii. Budget Basis of Accounting

Budgets are adopted annually by the Board in accordance with the laws of New York State. Appropriations authorized for the current year are increased by the amount of encumbrances, commitments or assignments carried forward from the prior year.

CENTRAL ISLIP FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Summary of Significant Accounting Policies – continued

v. Deferred Outflows/Inflows of Resources

The District has adopted GASB Statement No. 63 and GASB Statement No. 65. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, defined and classified deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of fund balance that applies to future period(s), and as such, will not be recognized as an outflow of resources (expense/expenditure) until that time. A deferred inflow of resources is an acquisition of fund balance that applies to future period(s), and as such, will not be recognized as an inflow of resources (revenue) until that time.

The District had deferred inflows related to property taxes collected in advance as well as inflows and outflows related to pensions at December 31, 2021 as further detailed in Note 7 to these financial statements.

2. Deposits with Financial Institutions and Investments

The District's investment policies are governed by state statutes and District policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit as provided for by law for all deposits not covered by FDIC insurance.

Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities. Investments are stated at fair value.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The Governmental Accounting Standards Board (GASB) directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

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

None of the District's aggregate bank balances, not covered by depository insurance, were exposed to custodial credit risk as described above at year-end. The District's general operating fund, general capital reserve, reserve for accumulated employee benefits, and capital projects funds do not purchase investments for a long enough duration for it to be considered to be exposed to a material interest rate risk.

CENTRAL ISLIP FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

3. General Fixed Assets

Additions and deletions to fixed assets are reflected at historical cost. A summary of capital asset balances and changes as of and for the year ended December 31, 2021 follows:

	Balance				Balance
	<u>1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>12/31/2021</u>
Land	\$ 27,964	\$ -	\$ -	\$ -	\$ 27,964
Buildings	7,999,480	2,050,007	(270,100)	-	9,779,387
Equipment	11,189,074	124,529	(50,401)	39,176	11,302,378
Construction in progress	<u>3,739,809</u>	<u>818,301</u>	<u>(1,904,737)</u>	<u>136,376</u>	<u>2,789,749</u>
Total general fixed assets	<u>\$ 22,956,327</u>	<u>\$ 2,992,837</u>	<u>\$ (2,225,238)</u>	<u>\$ 175,552</u>	<u>\$ 23,899,478</u>

Adjustments were to reflect capital assets not previously recognized in the General Fixed Assets Account Group. These adjustments had no impact on the Governmental Funds as of and for the year ended December 31, 2021.

4. Interfund Transactions

As of and for the year ended December 31, 2021, the interfund transactions and balances are detailed as follows:

	<u>Interfund</u>	<u>Interfund</u>	<u>Interfund</u>	<u>Interfund</u>
	<u>Revenues</u>	<u>Expenses</u>	<u>Receivable</u>	<u>Payable</u>
General operating fund	\$ -	\$ 1,035,046	\$ -	\$ 33,440
Building and grounds reserve	208,981	-	1,800	-
Communication reserve	101,500	-	-	-
Fire apparatus and equipment reserve	150,000	-	18,035	-
Employee benefit reserve	50,000	-	-	-
Service award program	442,065	-	-	-
Capital projects fund	<u>82,500</u>	<u>-</u>	<u>15,405</u>	<u>1,800</u>
	<u>\$ 1,035,046</u>	<u>\$ 1,035,046</u>	<u>\$ 35,240</u>	<u>\$ 35,240</u>

The District transfers from the general operating fund to the reserve and service award program funds in accordance with the general fund budget. The District may also transfer general operating fund surplus based on Board resolution.

5. Short-Term Debt

Purpose: Capital construction of new substation

	Balance at			Balance at
	<u>1/1/2021</u>	<u>Issued</u>	<u>Redeemed</u>	<u>12/31/2021</u>
Bond Anticipation Note (BAN)	<u>\$ 5,500,000</u>	<u>\$ 5,500,000</u>	<u>\$(5,500,000)</u>	<u>\$ 5,500,000</u>

CENTRAL ISLIP FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

5. Short-Term Debt – continued

For the year ended December 31, 2021, interest expense amounted to \$89,056. As of December 31, 2021 accrued interest payable on this BAN amounted to \$40,104. Interest is due and will be paid when the BAN matures in June 2022.

6. Capital Reserve Activity

Capital reserve fund balances at December 31, 2021 consisted of the following:

	<u>Communications</u>	<u>Fire Apparatus and Equipment</u>	<u>Building, Grounds and Furniture</u>	<u>Historic Preservation</u>	<u>Total</u>
Fund Balance - Beginning of Year	\$ 390,101	\$ 233,701	\$ 1,496,911	\$ 41,451	\$ 2,162,164
Interest and earnings	255	158	935	25	1,373
Equipment and capital outlay	(21,683)	(77,914)	(61,849)	-	(161,446)
Operating transfers out, net	<u>101,500</u>	<u>150,000</u>	<u>208,981</u>	<u>-</u>	<u>460,481</u>
Fund Balance - End of Year	<u>\$ 470,173</u>	<u>\$ 305,945</u>	<u>\$ 1,644,978</u>	<u>\$ 41,476</u>	<u>\$ 2,462,572</u>

7. Pension Plans

New York State and Local Employees' Retirement System

Plan Description

The District participates in the New York State and Local Employees' Retirement System (ERS or System). The System is a cost-sharing, multiple-employer, defined benefit retirement system. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in the fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the New York State Retirement and Social Security Law (NYSRSSL). Once an employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of State stature.

The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds. The system issues a publicly available financial report that includes financial statements

and required supplementary information. That report may be obtained in writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244 or may be found at <http://www.osc.state.ny.us/retire/publications/index.php>.

CENTRAL ISLIP FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

7. Pension Plans – continued

New York State and Local Employees' Retirement System – continued

Benefits Provided

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tiers 3 and 4 members, age 55 or older with 30 or more years of service can retire with no reduction in benefits. Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

CENTRAL ISLIP FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

7. Pension Plans – continued

New York State and Local Employees' Retirement System – continued

Benefits Provided – continued

Tier 6 – continued

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also reduced post-retirement ordinary death benefits available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria.

CENTRAL ISLIP FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

7. Pension Plans – continued

New York State and Local Employees' Retirement System – continued

Benefits Provided – continued

Post-Retirement Benefit Increases – continued

This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or exceed 3 percent.

Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten (10) years of membership and employees who joined on or after January 1, 2010 who generally contribute 3% of their salary for the entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
District Contributions	\$119,366	\$86,331	\$90,392

The District's contribution to the system is actuarially determined and is established and may be amended by the ERS Board of Trustees.

Chapter 57 of the Laws of 2010 of the State of New York was enacted that allows local employers to amortize a portion of their retirement bill for 10 years in accordance with the following stipulations:

- For State fiscal year 2010-2011, the amount in excess of the graded rate of 9.5 percent of employee's covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- For subsequent State fiscal years, the graded rate will increase or decrease by up to one percent depending on the gap between the increase or decrease in the system's average rate and the previous graded rate.
- The interest rate will be set annually and will be comparable to taxable fixed income investments of a similar duration.
- For subsequent State fiscal years in which the System's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

CENTRAL ISLIP FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

7. Pension Plans – continued

New York State and Local Employees' Retirement System – continued

Contributions - continued

Chapter 57 of the Laws of 2013 of the State of New York was enacted that allows local employers to amortize a portion of their retirement bill for up to 12 years in accordance with the following stipulations:

- The maximum amount an employer can amortize is the difference between the normal annual contribution (total bill, excluding payments for deficiency, group life, previous amortizations, incentive costs, and prior year adjustments) and the graded contribution.
- For subsequent State fiscal years (SFYs), the graded rate will increase or decrease by up to one-half of one percent depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.
- The interest rate will be set annually and will be comparable to a 12-year US Treasury Bond plus one percent.
- For subsequent SFYs in which the System's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program.

The District's required pension contribution for 2021 was not paid as of December 31, 2021.

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

At December 31, 2021 the District reported a liability of \$1,424 for its proportionate share of net pension liability in the General Long-Term Debt Account Group. The net pension liability was measured as of March 31, 2021, and the total pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2021 the District's proportion was 0.0014298%. For the year ended December 31, 2021 the District recognized pension expense of \$119,366.

CENTRAL ISLIP FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

7. Pension Plans – continued

New York State and Local Employees' Retirement System – continued

Pension Liabilities, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions – continued

Under a GAAP presentation the District would have reported deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2021 from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 17,387	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	408,973
Changes of assumptions	261,774	4,937
Changes in proportion and differences between employer contribution and proportionate share of contributions	<u>49,615</u>	<u>31,585</u>
Total	<u>\$ 328,776</u>	<u>\$ 445,495</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized as pension expense under a GAAP basis as follows:

Years ending December 31,:	
2022	\$ (13,030)
2023	(1,576)
2024	(21,094)
2025	<u>(81,019)</u>
Total	<u>\$ (116,719)</u>

Actuarial Assumptions

The total pension liability at March 31, 2021 was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021.

CENTRAL ISLIP FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

7. Pension Plans – continued

New York State and Local Employees' Retirement System – continued

Actuarial Assumptions – continued

The significant actuarial assumptions used in the April 1, 2020 valuation was as follows:

Inflation rate	2.7%
Salary scale	
ERS	4.4%
Investment rate of return, including inflation	5.9% compounded annually, net of investment expenses
Cost of living adjustment	1.4% annually
Decrement tables	Developed from the Plan's 2020 experience study of plan April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2020

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2020.

The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2021 are summarized below:

Long Term Expected Rate of Return 2021

<u>Asset Type</u>	Long Term	
	<u>Expected</u>	<u>Target</u>
	<u>Real Rate</u>	<u>Allocation</u>
Domestic Equity	4.05%	32%
International Equity	6.30%	15%
Private Equity	6.75%	10%
Real Estate	4.95%	9%
Opportunistic/ARS Portfolio	4.50%	3%
Credit	3.63%	4%
Real Asset	5.95%	3%
Fixed Income	0.00%	23%
Cash	0.50%	1%
		<u>100%</u>

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially.

CENTRAL ISLIP FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

7. Pension Plans – continued

New York State and Local Employees' Retirement System – continued

Discount Rate - continued

Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (4.9%) or 1% higher (6.9%) than the current rate:

	1% Decrease <u>(4.9%)</u>	Current Assumption <u>(5.9%)</u>	1% Increase <u>(6.9%)</u>
District's proportionate share of the net pension liability (asset)	\$ <u>395,166</u>	\$ <u>1,424</u>	\$ <u>(361,699)</u>

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2021, were as follows:

	(Dollars in Thousands) Employees' Retirement <u>System</u>
Employers' total pension liability	\$ 220,680,157
Plan net position	<u>(220,580,583)</u>
Employers' net pension liability	<u>\$ 99,574</u>
Ratio of plan net position to the employers' total pension liability	99.95%

8. Length of Service Awards Program – LOSAP

The Fire District established a defined benefit LOSAP for the active volunteer firefighters of the Central Islip Fire Department. The program took effect on January 1, 1991. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The District is the sponsor of the program.

CENTRAL ISLIP FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

8. Length of Service Awards Program – LOSAP – continued

Participation, Vesting and Service Credit

Active volunteer firefighters who have reached the age of eighteen (18) and who have completed one (1) year of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to a service award after being credited with five (5) years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is age fifty-five (55).

In general, 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 (50) points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five (5) years of firefighting service rendered prior to the establishment of the program.

A participant's benefit under the program is the actuarial equivalent of a monthly payment for life equal to \$20 multiplied by the person's total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed forty (40). Benefits are not payable until the first day of the month coincident with or following reaching the age of fifty-five (55) and completion of one (1) year of service. On and after that date, except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandated death and disability benefits.

Fiduciary Investment and Control

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

The governing board of the sponsor has retained and designated Hometown Firefighters to assist in the administration of the program. The designated program administrator's functions include the following functions below. Disbursements of program assets for the payment of benefits or administrative expenses must be approved by the Board of Fire Commissioners.

Payment of Benefits:

Entitlement Benefits – Hometown Firefighters prepares and submits to the Plan Sponsor a Verification of Benefits statement and an Annuity Enrollment form for participants active at entitlement age and for vested participants upon termination from the Plan. Following review for accuracy, the Plan Administrator signs and returns the paperwork to Hometown Firefighters authorizing them to disburse entitlement benefits.

Death Benefits – Upon notification from the Plan Sponsor of a participant death, Hometown Firefighters prepares a Verification of Benefits statement and a Lump Sum Death Benefit form. Following review for accuracy, the Plan Sponsor signs and returns the paperwork accompanied by a death certificate to Hometown Firefighters authorizing Hometown Firefighters to disburse a death benefit.

Disability Benefits – Upon notification from the Plan Sponsor of a participant total and permanent disability, Hometown Firefighters prepares a Verification of Benefits Statement, a Physician Statement form, and a Lump Sum Disability Benefit form. Following review for accuracy, the Plan Sponsor signs and returns the paperwork authorizing Hometown Firefighters to disburse a disability benefit.

Payment of Administrative Expenses – Per the executed Service Fee Agreement, the Sponsor agrees to payment as contracted.

CENTRAL ISLIP FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

8. Length of Service Awards Program – LOSAP – continued

Fiduciary Investment and Control – continued

Program assets are required to be held in trust by the General Municipal Law, 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 adopted a Trust Document, which names the Commissioners as Trustees and stipulates that all accumulated program assets are assets of the Fire District, reserved for the exclusive purpose of the program and subject to the creditors of the Fire District in case the Fire District was to become insolvent.

The sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the sponsor for this purpose is BPAS Actuarial and Pension Services, LLC. Portions of the following information are derived from a report prepared by the actuary dated March 2022.

Program Financial Condition

Assets and Liabilities

Actuarial present value of benefits, December 31, 2021			\$ 5,749,539
Less: Assets available for benefits			
	<u>% of total</u>		
Annuity contracts	3.8%	\$ 174,913	
Cash in bank	96.2%	<u>4,421,628</u>	<u>4,596,541</u>
Total unfunded benefits			<u>\$ 1,152,998</u>
Unfunded benefit liability for prior service			<u>\$ 1,152,998</u>
Unfunded normal benefit			<u>\$ -</u>

Prior Service Costs

Prior service costs are being amortized over a range of nine (9) to ten (10) years at a discount rate of 5.00%.

Receipts and Disbursements

Plan Net Assets, beginning of year		\$ 4,667,090
Changes during the year:		
+ Plan contributions (including administrative fees)		442,065
+ Investment income earned		173,849
- Plan benefit withdrawals		(680,551)
- Administrative and other fees/charges		<u>(5,912)</u>
Plan Net Assets, end of year		<u>\$ 4,596,541</u>

Administration Fees

Fees paid to designated program administrator: \$ 5,912

CENTRAL ISLIP FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

8. Length of Service Awards Program – LOSAP – continued

Contributions

Amount of sponsor's 2021 contribution recommended by actuary: \$428,460
 Amount of sponsor's actual 2021 contribution: \$442,065

Amount of sponsor's 2022 contribution recommended by actuary: \$383,858 - \$396,141

Funding Methodology and Actuarial Assumptions

Normal Costs

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

Pre-Entitlement:

Assumed rate of return on investment 5.00%
 Mortality, Withdrawal, Disability None

Post-Entitlement:

Assumed rate of return 5.00%
 Mortality RP2000 Combined - Unisex

9. Long-Term Liabilities

Long-term liability balances and activity for the year are summarized below:

	<u>Balance</u> <u>1/1/2021</u>	<u>Increases</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2021</u>	<u>Due Within</u> <u>One Year</u>	<u>Due After</u> <u>One Year</u>
Long-term debt:						
Retained percentages	\$ -	\$ 18,097	\$ -	\$ 18,097	\$ -	\$ 18,097
Installment purchase debt	2,363,451	-	317,295	2,046,156	320,307	1,725,849
Compensated absences	67,474	-	15,907	51,567	197	51,370
Net pension liability - proportionate share	468,021	-	466,597	1,424	-	1,424
Service awards program payable	<u>5,929,846</u>	<u>-</u>	<u>180,307</u>	<u>5,749,539</u>	<u>-</u>	<u>5,749,539</u>
Total long-term debt	<u>\$ 8,828,792</u>	<u>\$ 18,097</u>	<u>\$ 980,106</u>	<u>\$ 7,866,783</u>	<u>\$ 320,504</u>	<u>\$ 7,546,279</u>

a. Compensated Absences

The general operating fund has typically been used to liquidate long-term liabilities. Additions and reductions to compensated absences are shown net since it is impractical to separately determine these amounts. Current maturities of compensated absences is recognized in the general operating fund, when the obligations is due within sixty (60) days.

CENTRAL ISLIP FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

9. Long-Term Liabilities – continued

b. Installment Purchase Debt

Installment purchase debt represents the remaining installments due on the purchase of two (2) ladder trucks. At December 31, 2021, installment purchase debt consisted of the following:

<u>Description of Issue</u>	<u>Original Issue</u>	<u>Issued Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
Installment purchase debt	\$ 2,363,451	05/08/2020	05/08/2027	2.495%	\$ <u>2,046,156</u>

Annual debt service requirements to maturity for installment purchase debt are as follows:

<u>December 31.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 320,307	\$ 51,202	\$ 371,509
2023	328,322	43,187	371,509
2024	336,538	34,971	371,509
2025	344,959	26,550	371,509
2026	353,591	17,918	371,509
Thereafter	<u>362,439</u>	<u>9,070</u>	<u>371,509</u>
	<u>\$ 2,046,156</u>	<u>\$ 182,898</u>	<u>\$ 2,229,054</u>

10. Risk Management and Uncertainties

a. Claims

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

b. COVID-19

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global financial markets have also experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the District for future periods.

11. Spending Limitation

The District did not exceed the statutory spending limitation imposed by New York State Law for the year ended December 31, 2021.

CENTRAL ISLIP FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

12. Related Party

A District Commissioner and District Secretary/Deputy Treasurer are related by blood. Another District Commissioner and employee are also related by blood. There were no financial transactions between the District and these parties other than agreed upon compensation for those employed by the District.

13. Subsequent Events

The date through which management has evaluated the impact of subsequent events on these financial statements is June 29, 2022, which is the date the financial statements were available to be issued.

The BAN referred to in Note 5, in the amount of \$5.5 million, was renewed on June 3, 2022, for a period of six months. No other events have occurred subsequent to December 31, 2021, that would require adjustment or disclosure in the financial statements.

CENTRAL ISLIP FIRE DISTRICT
SUPPLEMENTAL STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL OPERATING FUND - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance to Final Budget Favorable (Unfavorable)</u>
REVENUES					
Real property taxes	\$ 3,700,846	\$ 3,700,846	\$ 3,700,847	\$ -	\$ 1
Payment in lieu of taxes	110,000	110,000	142,464	-	32,464
Interest and earnings	2,550	2,550	1,517	-	(1,033)
Rental of real propoerty	-	-	150	-	150
Sale of equipment	-	-	15,526	-	15,526
Insurance recoveries	-	-	3,445	-	3,445
Refund of prior year's expenditures	-	-	12,589	-	12,589
Grant from local government	-	-	19,113	-	19,113
Total revenues	<u>3,813,396</u>	<u>3,813,396</u>	<u>3,895,651</u>	<u>-</u>	<u>82,255</u>
OTHER FINANCING SOURCES					
Appropriated fund balance - prior year surplus	-	500,000			
Total revenues and other financing sources	<u>\$ 3,813,396</u>	<u>\$ 4,313,396</u>			
EXPENDITURES					
Personal services	876,861	891,363	891,363	-	-
Equipment and capital outlay	90,000	90,000	68,322	725	20,953
Fire protection - contractual	1,048,500	1,048,500	946,316	1,271	100,913
State retirement system	85,695	119,366	119,366	-	-
Length of service award program	450,000	-	-	-	-
Social security, employer contribution	67,080	67,080	62,864	-	4,216
Workers' compensation	288,000	261,167	238,571	-	22,596
Life insurance	60,500	79,094	79,094	-	-
Disability insurance	750	25,875	25,675	-	-
Hospital and medical insurance	340,000	340,000	268,509	-	71,491
Installment purchase debt, principal	317,296	317,296	317,295	-	1
Installment purchase debt, interest	54,214	54,214	54,214	-	-
Bond anticipation note, interest	82,500	-	-	-	-
Total expenditures	<u>3,761,396</u>	<u>3,293,755</u>	<u>3,071,589</u>	<u>\$ 1,996</u>	<u>\$ 220,170</u>
Excess (deficiency) of revenues over expenditures	<u>52,000</u>	<u>1,019,641</u>	<u>824,062</u>		
OTHER FINANCING SOURCES AND (USES)					
Operating transfers (cut)	<u>(52,000)</u>	<u>(1,019,641)</u>	<u>(1,035,046)</u>		
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (210,984)</u>		
Fund Balance - Beginning of Year			<u>1,259,272</u>		
Fund Balance - End of Year			<u>\$ 1,048,288</u>		

The accompanying notes are an integral part of these financial statements.

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

To the Board of Fire Commissioners
Central Islip Fire District
97 Carleton Avenue
Central Islip, NY 11722

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 regulatory basis financial statements of the Central Islip Fire District (the District) as of and for the year ended December 31, 2021 and the related notes to the financial statements, as listed in the table of contents, which collectively comprise the Central Islip Fire District's basic financial statements, and have issued our report thereon dated June 29, 2022. As more fully described in Note 1 to the financial statements the District has prepared their financial statements using practices prescribed and permitted by the New York State Office of the State Comptroller, which is a comprehensive statutory basis of accounting (referred to as a "Regulatory Basis") for a governmental entity other than accounting principles generally accepted for governmental entities in the United States of America.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory basis financial statements, we considered the District's internal control over financial reporting ("internal control") as a basis for determining 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

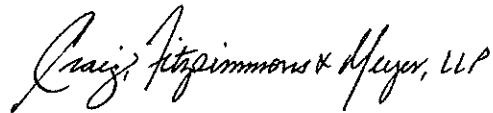
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

Compliance and Other Matters – continued

We noted certain other matters that we reported to the Board of Fire Commissioners of the District in a separate letter dated June 29, 2022.

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.

A handwritten signature in cursive script that reads "Craig Fitzsimmons & Meyer, LLP".

Smithtown, NY
June 29, 2022

APPENDIX C

FORM OF BOND COUNSEL OPINION

Hawkins Delafield & Wood LLP
7 World Trade Center @ 250 Greenwich Street, 41st floor
New York, New York 1007

December 1, 2022

The Board of Fire Commissioners of
the Central Islip Fire District,
in the Town of Islip,
Suffolk County, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Central Islip Fire District, in the Town of Islip, Suffolk County (the “Fire District”), a district corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the Fire District’s \$8,875,000 Fire District Serial Bonds-2022 (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, however for tax years beginning after December 31, 2022, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

The Code establishes certain requirements 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 the Bonds.

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

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

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

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean the Central Islip Fire District, in the Town of Islip, Suffolk County, New York, a district corporation of the State of New York.

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

“Purchaser” shall mean the financial institution referred to in the Certificate of Award executed by the Fire District Treasurer as of November 17, 2022.

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

“Securities” shall mean the Issuer’s **\$8,875,000 Fire District Serial Bonds-2022**, dated December 1, 2022, maturing in various principal amounts on June 1 in each of the years 2023 to 2037, inclusive, and delivered on the date hereof.

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

- (i) no later than six (6) months following the end of each fiscal year, commencing with the fiscal year ending December 31, 2022, the Annual Information relating to such fiscal year, together with audited financial statements of the Issuer for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be provided

with the Annual Information no later than six (6) months following the end of each fiscal year, and audited financial statements, if any, shall be delivered to the EMMA System within sixty (60) days after they become available and in no event later than one (1) year after the end of each fiscal year; provided further, however, that the unaudited financial statement shall be provided for any fiscal year only if the Issuer has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933; and

- (ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Securities:
 - (i) principal and interest payment delinquencies;
 - (ii) non-payment related defaults, if material;
 - (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (v) substitution of credit or liquidity providers, or their failure to perform;
 - (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
 - (vii) modifications to rights of Securities holders, if material;
 - (viii) Bond calls, if material, and tender offers;
 - (ix) defeasances;
 - (x) release, substitution, or sale of property securing repayment of the Securities, if material;
 - (xi) rating changes;
 - (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for

the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priorities rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

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

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

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

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

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

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

Section 5. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 6. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or
- (f) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 7 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 8. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased pursuant to their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

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

Section 9. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 10. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **December 1, 2022**.

By _____
FIRE DISTRICT TREASURER