

**PRELIMINARY OFFICIAL STATEMENT DATED MAY 24, 2023**

**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.*

**BREWSTER-SOUTHEAST JOINT FIRE DISTRICT,  
IN THE VILLAGE OF BREWSTER AND TOWN OF SOUTHEAST,  
PUTNAM COUNTY, NEW YORK  
(the "Fire District")**

**\$1,965,000 FIRE DISTRICT SERIAL BONDS - 2023  
(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 15, 2031 and thereafter are subject to redemption prior to maturity, at the option of the Fire District, on June 15, 2030 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 June 14, 2023 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 June 28, 2023 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.**

**BREWSTER-SOUTHEAST JOINT FIRE DISTRICT,  
IN THE VILLAGE OF BREWSTER AND TOWN OF SOUTHEAST,  
PUTNAM COUNTY, NEW YORK**

**\$1,965,000 FIRE DISTRICT SERIAL BONDS - 2023**

**BOND MATURITY SCHEDULE**

**Dated: Date of Delivery**

**Principal Due: June 15, 2024 - 2040 inclusive**  
**Interest Due: June 15, 2024, December 15, 2024 and**  
**semi-annually thereafter on June 15 and**  
**December 15 in each year to maturity**

<u>Amount*</u>	<u>Maturity</u>	<u>Rate</u>	<u>Price or Yield</u>	<u>CUSIP #</u>
\$ 210,000	2024			
210,000	2025			
215,000	2026			
215,000	2027			
215,000	2028			
80,000	2029			
80,000	2030			
80,000	2031**			
80,000	2032**			
80,000	2033**			
75,000	2034**			
75,000	2035**			
75,000	2036**			
75,000	2037**			
75,000	2038**			
75,000	2039**			
50,000	2040**			

\*Amounts are subject to adjustment by the Fire District following the sale, pursuant to the terms of the Notice of Bonds 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.

**BREWSTER-SOUTHEAST JOINT FIRE DISTRICT,  
IN THE VILLAGE OF BREWSTER AND TOWN OF SOUTHEAST,  
PUTNAM COUNTY, NEW YORK**

501 North Main Street  
Brewster, New York 10509  
Telephone: (845) 279-3555

**BOARD OF FIRE COMMISSIONERS**

John Klosowski, Chairman  
A. Gerald Schramek, Co-Chairman

Board Members

Kenneth Clair  
Martin P. Miller  
George Durmer

-----

Margaret Miller, Fire District Treasurer  
Mia Tagliaferro, Fire District Secretary

Fire District Attorney

Michael T. Liguori  
Hogan, Rossi & Liguori  
Brewster, New York

\* \* \*

**BOND COUNSEL**

Hawkins Delafield & Wood LLP  
New York, New York

\* \* \*

**MUNICIPAL ADVISOR**



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

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

No dealer, broker, salesman or other person has been authorized by the Fire District to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the Fire District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Fire District from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Fire District since the date hereof.

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## OFFICIAL STATEMENT

### BREWSTER-SOUTHEAST JOINT FIRE DISTRICT, IN THE VILLAGE OF BREWSTER AND TOWN OF SOUTHEAST, PUTNAM COUNTY, NEW YORK

#### \$1,965,000 FIRE DISTRICT SERIAL BONDS – 2023

This Official Statement and the appendices hereto present certain information relating to the Brewster-Southeast Joint Fire District, in the Village of Brewster and the Town of Southeast, Putnam County, in the State of New York (the “Fire District,” the “Town,” the “County” and the “State,” respectively) in connection with the sale of \$1,965,000 Fire District Serial Bonds – 2023 (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 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 15 in each of the years 2024 to 2040, inclusive, in the principal amounts as set forth on the inside cover page hereof. Interest on the Bonds will be payable on June 15, 2024, December 15, 2024 and semi-annually thereafter on June 15 and December 15 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 last business 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: Margaret Miller, Fire District Treasurer, Brewster-Southeast Joint Fire District, in the Village of Brewster and the Town of Southeast, Putnam County, 501 North Main Street, Brewster, New York 10509, telephone number (845) 279-3555 and email: meg18330@aol.com.

### **Optional Redemption**

The Bonds maturing on or before June 15, 2031 will not be subject to redemption prior to maturity. The Bonds maturing on June 15, 2032 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 15, 2031, 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

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

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

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

Principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Fire District on the payable date, in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee) or the Fire District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Fire District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as Securities Depository with respect to the Bonds at any time by giving reasonable notice to the Fire District or the Fire District may decide to discontinue use of the system of book-entry transfers through DTC. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered to the beneficial owners. (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 Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Town Law and the Local Finance Law, and three bond resolutions duly adopted by the Fire District Board of Commissioners on November 11, 2022, and thereafter approved as a proposition by a majority of the qualified voters of the Fire District voting thereon at the Annual Election held on December 13, 2022, authorizing the issuance of bonds for the following purpose:

<u>Date</u>	<u>Purpose</u>	<u>Amount</u> <u>Authorized</u>	<u>Amount to be</u> <u>Issued</u>
11/11/2022	Fire Truck Acquisition	\$1,000,000	\$1,000,000
11/11/2022	Ambulance Acquisition	300,000	300,000
11/11/2022	Acquisition of radios, cameras and technology upgrades	665,000	665,000
TOTALS:		<u>\$1,965,000</u>	<u>\$1,965,000</u>

### Security and Source of Payment

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

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

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

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

## REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

## **NO DEFAULT STATE**

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

## **BANKRUPTCY**

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

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

## **THE FIRE DISTRICT**

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

### **General Information**

The Fire District is a joint fire district located in the incorporated Village of Brewster and Town of Southeast, Putnam County, New York. The Fire District offices and headquarters are located at 501 North Main Street, Brewster, New York 10509. The community is a mix of both residential properties and commercial properties, with the residential properties being predominantly single-family homes.

### **Governmental Organization**

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, the Board appoints a Secretary and Treasure every year at the Organizational Meeting of the Board. A volunteer force is responsible for the operation of the Fire Department equipment and apparatus. This District contracts annually for additional manpower to assist in the provision of EMS services.

### **Employees**

The Fire District has 2 employees. No employees are covered under a union contract.

## ECONOMIC AND DEMOGRAPHIC INFORMATION

The following tables set forth certain economic and demographic statistics for the Town of Southeast, Putnam County and New York State. Certain statistics are not available for the Fire District, in most cases, the smallest area for which such statistics are available (which includes the Fire District) is the Town of Southeast, Putnam County. The information set forth below with respect to the Town of Southeast, Putnam County and the State of New York 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, County or State or vice versa.

### Population Characteristics

The population of the Fire District is estimated to be 20,593.

<u>Year</u>	<u>Village of Brewster</u>	<u>Town of Southeast</u>	<u>County of Putnam</u>	<u>New York State</u>
2000	N/A	17,316	96,049	18,976,457
2010	2,390	18,404	99,644	19,229,752
2020	2,337	18,058	97,668	19,514,849
2021	2,508	18,085	97,936	19,835,912

Source: U.S. Bureau of the Census.

### Per Capita Income

	<u>Per Capita Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2021<sup>a</sup></u>
Village of Brewster	N/A	N/A	\$21,865	\$29,163
Town of Southeast	\$27,337	\$41,051	41,944	49,979
County of Putnam	18,194	37,915	45,905	48,417
State of New York	23,389	30,948	40,898	43,208

### Median Family Income

	<u>Median Family Income</u>			
	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2021<sup>a</sup></u>
Village of Brewster	N/A	N/A	\$42,750	\$54,348
Town of Southeast	N/A	N/A	69,272	105,876
County of Putnam	\$71,732	\$82,585	104,285	107,014
State of New York	43,393	55,603	71,117	74,314

Source: United States Department of Commerce, Bureau of the Census

a. Based on American Community Survey 5-Year Estimates (2017-2021).

## Largest Employers in Putnam County

<u>Name</u>	<u>Type</u>	<u>Estimated Number Of Employees</u>
Putnam Hospital center	Health Services	900
Carmel Central School District	Public Education	816
Putnam County	County Government	807
Mahopac Central School District	Public Education	770
Brewster Central School District	Public Education	652
Green Chimneys	Services	519
Ace Endico	Food Service & Retail	507
Putnam Associated Resource Center	Services	375
Putnam Valley Central School District	Public Education	299
Cerebral Palsy of Putnam and Dutchess	Services	264
Putnam Precision Products, inc.	Manufacturing	250
Big V ShopRite Supermarket	Retail	250
Home Depot	Manufacturing	250
Arms Acres, inc.	Services	230
CareMount Medical PC	Health Services	223

Source: District Official

## Unemployment Rate Statistics

<u>Annual Averages:</u>	<u>Putnam County (%)</u>	<u>New York State (%)</u>
2018	3.7	4.1
2019	3.7	4.0
2020	7.6	10.0
2021	4.2	7.2
2022	3.4	4.2
2023 (3 Months)	3.0	4.3

Source: Department of Labor, State of New York

## INDEBTEDNESS OF THE FIRE DISTRICT

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

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

**Purpose and Pledge.** Pursuant to the Local Finance Law, the Fire District shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The Fire District may contract indebtedness only for a Fire District purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

**Payment and Maturity.** Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the periods of probable usefulness of the objects or purposes as determined by statute or in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the Fire District has authorized the issuance of indebtedness having substantially level or declining annual debt service. The Fire District is required to provide an annual appropriation for the payment of interest due during the fiscal year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

**General.** The Fire District is subject to certain statutory limitations restricting the powers of the Fire District in the areas of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the Fire District, so as to prevent abuses in the exercise of such powers. As has been noted under "*Security and Source of Payment*," the State Legislature is prohibited from restricting the power of the Fire District to cause the levy of taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Fire District's power to increase its annual tax levy, unless the Fire District complies with certain procedural requirements to permit the Fire District to cause the levy of certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*" herein).

### **Statutory Procedure**

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

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

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

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

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution, except for alleged constitutional violations. Except on rare occasions, the Fire District complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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 May 24, 2023)

<u>In Town of:</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate (%)</u>	<u>Full Valuation</u>
Southeast (2023)	\$3,478,995,701	100.00	<u>3,478,995,701</u>
Debt Limit - 3% of Full Valuation			\$104,369,871
Inclusions:			
Outstanding Bonds			\$0
Outstanding Bond Anticipation Notes			<u>0</u>
Total Indebtedness			<u>0</u>
Exclusions			
Bond Appropriations			0
Total Exclusions			<u>0</u>
Total Net Indebtedness Before Issuing the Bonds			<u>0</u>
The Bonds			1,965,000
Less: BANs Being Redeemed by the Bonds			<u>0</u>
Net Effect of the Bonds			<u>1,965,000</u>
Total Net Indebtedness After Issuing the Bonds			<u>1,965,000</u>
Net Debt Contracting Margin			<u><u>\$102,404,871</u></u>
Per Cent of Debt Contracting Margin Exhausted			1.88%

a. The latest completed assessment roll for which a State Equalization Rate has been established.

**Details of Short-Term Indebtedness Outstanding**

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

**Installment Purchase Debt**

The District has entered into an agreement to lease fire trucks. The terms of the agreement transfer ownership to the District once all payments have been made. The leases meet the criteria of capital leases as defined by GASB guidance. The balance due at December 31, 2022 was \$1,532,000.

**Payments to Maturity of Installment Purchase Debt**

The annual requirements to amortize all installment purchase debt outstanding at December 31, 2022 including interest payments of \$339,369 were as follows:

Fiscal Year Ending <u>December 31:</u>	Capital Leases	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 128,706	\$ 58,430
2024-2028	721,018	214,667
2029-2032	<u>682,276</u>	<u>66,272</u>
	<u>\$ 1,532,000</u>	<u>\$ 339,369</u>

Note: Does not reflect payments made to date.

**Authorized but Unissued Debt**

As of the date of this Official Statement, the Fire District has authorized but unissued debt in the amount of \$1,965,000. The Bonds will finance such amount.

**Calculation of Estimated Overlapping and Underlying Indebtedness**

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
Putnam County	7/7/2022	25.44	\$12,273,019	\$11,488,195
Town Southeast	12/31/2021	100.00	10,370,000	10,370,000
Brewster CSD	6/30/2022	100.00	<u>43,087,400</u>	<u>16,687,400</u>
Totals			<u>\$65,730,419</u>	<u>\$38,545,595</u>

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

**Debt Ratios**  
(As of May 24, 2023)

	<u>Amount</u>	<u>Per Capita</u> <sup>a</sup>	<u>Percentage Of Value (%)</u> <sup>b</sup>
Total Direct Debt	\$ 0	\$ 0	0.000
Net Direct Debt	0	0	0.000
Total Direct & Applicable Total Overlapping Debt	65,730,419	26,208	1.889
Net Direct & Applicable Net Overlapping Debt	38,545,595	15,369	1.108

a. The current estimated population of the Fire District is 2,508.

b. The full valuation of taxable real property in the Fire District is \$3,478,995,701.



## **FINANCES OF THE FIRE DISTRICT**

### **Financial Statements and Accounting Procedures**

The Fire District maintains its financial records in accordance with the Uniform System of Accounts for Fire Districts prescribed by the State Comptroller. The financial records of the Fire District are audited. The last such audited financials made available for public inspection covers the fiscal year ended December 31, 2021 which is attached as Appendix B. The District also prepares unaudited Annual Financial Report Update Document. In addition, 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.

### **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 (LOASP) with two components, pre- and post-entitlement age, which took effect January 1, 1990. 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 if you joined before March 1 of 2019 and not to exceed thirty (30) years if you joined after March 1 of 2019, with benefit payment commencing when the eligible volunteer firefighter reaches age sixty-two (62) if you joined prior to March 1 of 2019 and age sixty-five if you joined after March 1 of 2019. 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 Brewster Volunteer Fire Department, Inc. 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. 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 since 2019 are as follows:

<u>Fiscal Year Ending</u> <u>December 31:</u>	<u>LOSAP</u>
2019	250,380
2020	225,243
2021	188,655
2022	194,682
2023	229,497

### **Budgetary Procedures**

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

### **Revenues**

The Fire District receives most of its revenue from a real property tax on all non-exempt real property situated within the Fire District. A summary of such revenues for the five most recently completed fiscal years 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 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 real property taxes are governed by the Real Property Tax Law. Real property assessment rolls used by the Fire District are prepared by the Town. 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 of debt contracting and real property taxing limitations. The Fire District is not subject to constitutional real property taxing limitations. However, the Tax Levy Limit Law imposes a statutory limitation on the Fire District's power to increase its annual tax levy. As a result, the power of the Fire District to levy real estate taxes on all the taxable real property within the Fire District is subject to statutory limitations set forth in Tax Levy Limit Law. (See "Tax Levy Limit Law," herein.)

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 and 2023 fiscal years.

Fiscal Year Ending <u>December 31:</u>	<u>Total Revenue</u>	Real Property <u>Taxes</u>	Real Property Taxes to <u>Revenues (%)</u>
2018	\$1,575,009	\$1,556,427	98.82%
2019	1,852,714	1,607,876	86.78
2020	1,853,265	1,641,914	88.60
2021	1,982,360	1,666,201	84.05
2022 (Budgeted)	1,700,964	1,700,964	100.00
2023 (Budgeted)	1,734,983	1,734,983	100.00

Source: Annual Audited Financial Statements (2017-2021) and 2022 and 2023 Budgets.

### **Tax Collection Procedure**

Real property taxes are levied and collected on behalf of the Fire District by the Town. The Town tax bills are mailed out at the end of December.

Town taxes are due January 1<sup>st</sup>. Two payments options are available:

*Single Payment* – Total taxes paid in one payment. No interest penalty imposed if paid by January 31<sup>st</sup>. There is a 1% interest penalty for February payments and a 2% interest penalty for March payments. On April 1<sup>st</sup>, a list of all unpaid taxes is given to the County. All taxes paid to the County after April 1<sup>st</sup> are subject to a 5% penalty, plus interest at a variable rate determined by the New York State Commissioner of Taxation and Finance.

*Two Equal Payments* – First payment must be postmarked no later than January 31<sup>st</sup>. The second payment must be postmarked on or before July 31<sup>st</sup>. The second payment is subject to interest on such installments at the variable rate determined by the New York State Commissioner of Taxation and Finance to the Town Receiver/Collector. On July 31<sup>st</sup>, a list of all unpaid taxes is given to the County. All taxes paid to the County on or after August 1<sup>st</sup> are subject to a 5% penalty plus interest.

Responsibility for the collection of unpaid taxes rests with the County and any deficiency in tax collection is the County’s liability. The Fire District is thereby assured of full tax collection.

### **Tax Levy Limit Law**

Prior to the enactment of Chapter 97 of the Laws of 2011 (the “*Tax Levy Limit Law*”) on June 24, 2011, 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 Bonds, is subject to the statutory limitations imposed by the Tax Levy Limit Law.

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

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

Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the Fire District, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Fire District. The Board of Fire Commissioners of the Fire District can adopt a resolution, approved by a vote of sixty percent of the total voting power of the Board of Fire Commissioners, to override the tax levy limit for a given year.

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

### Valuations

See Appendix A for a Summary of Valuations.

#### Selected Listing of Large Taxable Properties <sup>a</sup> 2021-2022 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Martingale Management LLC	Apartment Building	\$4,449,690
NYS Electric & Gas Corp	Utilities	3,400,736
Lia Brewster Realty, LLC	Auto Dealer	3,310,648
2226 Adams Place Realty Corp	Apartments	2,222,955
Parkview Residence LLC	Apartments	2,000,000
ZDM Realty LLC	Apartments	1,848,105
Gress Josephine	Manufacturing	1,707,645
Mazal LLC	Residential	1,624,000
Playhouse Building Inc.	Office Building	1,481,792
Hillcrest Properties Inc.	Supermarket	1,439,792
Convince Realty Corp	Office Building	1,337,024
D J Ledley Food Service, Co Inc.	Office Building	1,292,928
20 Garden St, LLC	Commercial	1,196,000
Brewster Terminal	Fuel Storage	1,092,832
Sha-NI-Ro Realty LLC	Office Building	1,092,832
	Total	\$29,496,979

a. Represents 0.85% of the 2022-2023 Assessed Valuation of the Fire District.

### LITIGATION

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

## 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. In addition, the Fire District maintains an insurance policy covering cyber liability. 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.)

## **IMPACT OF COVID-19**

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the 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. Currently, the COVID-19 outbreak has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to continue to affect economic growth worldwide. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also declared a state of emergency which has since been terminated and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for an extended period. The impact to the Fire District's operations and finances as a result of COVID-19 is extremely difficult to predict due to the uncertainties relating to the COVID-19 outbreak's (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 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 does not expect the COVID-19 pandemic to have a material adverse effect on the financial condition of 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.

## **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 Margaret Miller, Fire District Treasurer, Brewster-Southeast Joint Fire District, in the Village of Brewster and the Town of Southeast, Putnam County, 501 North Main Street, Brewster, New York 10509, telephone number (845) 279-3555 and email: meg18330@aol.com or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: <http://www.munistat.com>.

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

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

BREWSTER-SOUTHWEST JOINT FIRE DISTRICT,  
IN THE VILLAGE OF BREWSTER AND THE TOWN OF SOUTHEAST,  
PUTNAM COUNTY, NEW YORK

By MARGARET MILLER  
Fire District Treasurer  
Brewster- Southeast Joint Fire District  
in the Village of Brewster and the Town of Southeast, Putnam County  
Brewster, New York

June , 2023

**APPENDIX A**

**FINIANCIAL INFORMATION**

**Statement of Revenue, Expenditures and Changes in Fund Balances**

**General Fund**

	Fiscal Year Ending December 31:				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Revenues</b>					
Real Property Taxes	\$ 1,523,857	\$ 1,556,427	\$ 1,607,876	\$ 1,641,914	\$ 1,666,201
Use of Money and Property	156,096	(25,723)	238,313	169,688	245,725
Sale of Property and Compensation for Loss	43,126	40,000	6,500	41,643	70,419
Refund of Prior Year's Expenses					
Insurance Recoveries					
Federal Sources	153,046				
Miscellaneous	34,935	4,305	25	20	15
	<u>1,911,060</u>	<u>1,575,009</u>	<u>1,852,714</u>	<u>1,853,265</u>	<u>1,982,360</u>
<b>Expenditures</b>					
Public Safety	1,490,133	1,047,639	1,819,862	987,410	1,020,390
Debt Service:					
Principal		106,738	110,809	115,036	119,423
Interest		80,399	76,328	72,101	67,714
	<u>1,490,133</u>	<u>1,234,776</u>	<u>2,006,999</u>	<u>1,174,547</u>	<u>1,207,527</u>
Excess (Deficiency) of Revenues Over Expenditures	420,927	340,233	(154,285)	678,718	774,833
<b>Other Financing Sources (Uses):</b>					
Operating Transfers (Out)					
Operating Transfers In					
Excess (Deficiency) Of Revenues & Other Sources Over Expenditures & Other Uses	420,927	340,233	(154,285)	678,718	774,833
Fund Equity Beginning of Year	2,973,251	3,394,178	3,734,411	3,580,126	4,258,844
Add (Deduct) Prior Period Adjustments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity End of Year	<u>\$ 3,394,178</u>	<u>\$ 3,734,411</u>	<u>\$ 3,580,126</u>	<u>\$ 4,258,844</u>	<u>\$ 5,033,677</u>

***This Schedule is not Audited***

Source: Audited Annual Financial Reports, 2017-2021.

## Balance Sheet

### General Fund

	Year Ended December 31:		
	<u>2019</u>	<u>2020</u>	<u>2021</u>
ASSETS:			
Cash	\$ 765,370	\$ 1,180,799	\$ 1,895,495
Investments	2,754,529	2,987,779	3,090,246
Prepaid Expenses	<u>76,477</u>	<u>107,016</u>	<u>89,242</u>
Total Assets	<u>\$ 3,596,376</u>	<u>\$ 4,275,594</u>	<u>\$ 5,074,983</u>
LIABILITIES:			
Accounts Payable & Accrued Liabilities	\$ <u>16,250</u>	\$ <u>16,750</u>	\$ <u>41,306</u>
Total Liabilities	<u>\$ 16,250</u>	<u>\$ 16,750</u>	<u>\$ 41,306</u>
FUND EQUITY:			
Fund Balances:			
Nonspendable	\$ 76,477	107,016	89,242
Restricted	2,793,465	3,026,133	4,474,753
Unassigned	<u>710,184</u>	<u>1,125,695</u>	<u>469,682</u>
Total Fund Equity	<u>3,580,126</u>	<u>4,258,844</u>	<u>5,033,677</u>
Total Liabilities and Fund Equity	<u>\$ 3,596,376</u>	<u>\$ 4,275,594</u>	<u>\$ 5,074,983</u>

***This Schedule is not Audited***

Source: Audited Annual Financial Reports, 2019, 2020 and 2021.

**Budget Summaries**  
**General Fund**  
**Fiscal Year Ending December 31:**

	<u>2022</u>	<u>2023</u>
Revenues:		
Real Estate Taxes	\$ <u>1,700,964</u>	\$ <u>1,734,983</u>
Total Revenues	<u><u>1,700,964</u></u>	<u><u>1,734,983</u></u>
Expenditures		
Travel & Training	\$ 15,000	\$ 15,000
Insurance	267,173	267,173
Electric & Gas	60,000	60,000
Water	11,000	11,000
Communications	42,000	50,000
Diesel/Gas	30,000	30,000
Misc. Administrative Expense	89,735	80,000
Building & Property Supplies	10,000	10,000
Building & Property Repair & Improvements	147,536	150,000
Capital Projects	160,000	160,000
Firefighter Supplies/Equipment-Other	125,000	150,000
Ambulance Supplies	10,000	10,000
Physicals	28,000	28,000
Fire Prevention	20,000	20,000
Vehicle Maintenance & Repair	50,000	75,000
Professional Fees	100,000	100,000
Service Award Program (LOSAP)	285,520	285,520
Debt Service	188,000	188,000
Reserve Transfers	<u>62,000</u>	<u>45,290</u>
Total Expenditures	<u><u>\$ 1,700,964</u></u>	<u><u>\$ 1,734,983</u></u>

Source: Adopted Budgets of the Fire District

**FINANCIAL INFORMATION**

**Assessed and Full Valuations**

	Fiscal Year Ending June 30:				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Assessed Valuation:					
Town of:					
Southeast	\$ <u>3,008,697,897</u>	\$ <u>3,108,298,737</u>	\$ <u>3,207,889,577</u>	\$ <u>3,479,536,148</u>	\$ <u>3,478,995,701</u>
Total Assessed Valuation	\$ <u><u>3,008,697,897</u></u>	\$ <u><u>3,108,298,737</u></u>	\$ <u><u>3,207,889,577</u></u>	\$ <u><u>3,479,536,148</u></u>	\$ <u><u>3,478,995,701</u></u>
Equalization Rates:					
Town of:					
Southeast	100.00%	100.00%	100000.00%	100.00%	100.00%
Full Valuation :					
Town of:					
Southeast	\$ <u>3,008,697,897</u>	\$ <u>3,108,298,737</u>	\$ <u>3,207,890</u>	\$ <u>3,479,536,148</u>	\$ <u>3,478,995,701</u>
Total Full Valuation	\$ <u><u>3,008,697,897</u></u>	\$ <u><u>3,108,298,737</u></u>	\$ <u><u>3,207,890</u></u>	\$ <u><u>3,479,536,148</u></u>	\$ <u><u>3,478,995,701</u></u>
Tax Levy	\$ 1,642,273	\$ 1,641,914	\$ 1,666,201	\$ 1,700,964	\$ 1,734,983
Tax Rate per \$100 Assessed Valuation	0.55	0.53	0.52	0.49	0.50

**BREWSTER-SOUTHEAST JOINT FIRE DISTRICT  
IN THE VILLAGE OF BREWSTER AND THE TOWN OF SOUTHEAST,  
PUTNAM 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.

**Brewster Southeast Joint Fire District, New York**

Financial Statements  
and Supplementary Information

December 31, 2021





## Brewster Southeast Joint Fire District, New York

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## Independent Auditors' Report

**The Board of Fire Commissioners  
of the Brewster Southeast Joint Fire District, New York**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of the Brewster Southeast Joint Fire District, New York ("District"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2021, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***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 Auditors' 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 audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

## ***Auditors' 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 auditors' 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 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 judgement, 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.

## ***Required Supplementary Information***

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

### **Supplementary Information**

Our audit for the year ended December 31, 2021 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules for the year ended December 31, 2021 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2021 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, for the year ended December 31, 2021, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2021.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the District as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated May 14, 2021 which contained unmodified opinions on the respective financial statements of the governmental activities and each major fund. The combining and individual fund financial statements and schedules for the year ended December 31, 2020 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2020 financial statements. The information was subjected to the audit procedures applied in the audit of the 2020 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2020.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 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 the effectiveness of the District's 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.

*PKF O'Connor Davies, LLP*  
**PKF O'Connor Davies, LLP**  
Harrison, New York  
April 25, 2022

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## **Brewster Southeast Joint Fire District, New York**

### **Management's Discussion and Analysis (MD&A) December 31, 2021**

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#### **Introduction**

This discussion and analysis of Brewster Southeast Joint Fire District, New York, ("District") financial statements provides an overview of the financial activities of the District for the year ended December 31, 2021. Please read it in conjunction with the basic financial statements and the accompanying notes to those statements that follow this section. Management's Discussion and Analysis is Required Supplementary Information specified by the Governmental Accounting Standards Board in their Statement No. 34.

#### **Financial Highlights for Fiscal Year 2021**

- On the government-wide financial statements, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2021 by \$1,917,166. Of this amount, the unrestricted net position is \$(1,597,416).
- As of the close of the current fiscal year, the District's General Fund reported an ending fund balance of \$5,033,677 which represents an increase of \$774,833 from fiscal year 2020. Of the \$5,033,677, the unassigned fund balance is \$469,682.
- The District is committed to provide postemployment benefits to its volunteers in the form of pensions. As a result, the District has recognized substantial liabilities in the government-wide financial statements for these benefits. As of December 31, 2021, the District had liabilities of \$ 6,119,787 for pension benefits recorded in accordance with the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within The Scope of GASB 68, and Amendments to Certain Provisions of GASB 67 and 68". More detailed information about the District's pension reporting is presented in Note 3 in the notes to financial statements.

#### **Overview of the Financial Statements**

This discussion and analysis serves as an introduction to the basic financial statements. The MD&A provides analysis and overview of the District's financial activities. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes other supplementary information as listed in the table of contents.

#### **Government-Wide Financial Statements**

The *government-wide financial statements* are presented in a manner similar to private-sector business financial statements. The statements are prepared using the accrual basis of accounting. The government-wide financial statements include two statements: Statement of Net Position and Statement of Activities.



The *Statement of Net Position* presents the District's total assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator as to whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing the change in the District's net position during the most recent fiscal year. All revenues and expenses are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. The focus of this statement is on the net cost of providing various services to the citizens of the District.

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include public safety.

### **Fund Financial Statements**

A fund is an accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures, as appropriate. Government resources are allocated to and accounted for in an individual fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements.

Governmental Funds: The basic services provided by the District are financed and accounted for through governmental funds. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. This information is useful in determining the District's financing requirements for the subsequent fiscal period. Governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. From this comparison, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

### **The District Has One Governmental Fund: The General Fund.**

The District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with the respective budget.

### **Notes to Financial Statements**

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found following the basic financial statements section of this report.

## Other Information

Additional statements and schedules can be found immediately following the notes to financial statements. These include the budget to actual comparisons.

### Government-Wide Financial Analysis

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,917,166 for fiscal year 2021, an increase of \$145,156 from 2020.

The following table reflects the condensed Statements of Net Position as of December 31:

	<u>2021</u>	<u>2020</u>
Current assets	\$ 5,074,983	\$ 4,275,594
Capital assets, net	<u>3,979,973</u>	<u>4,256,260</u>
Total Assets	<u>9,054,956</u>	<u>8,531,854</u>
Deferred Outflows of Resources	<u>1,418,286</u>	<u>1,857,470</u>
Current liabilities	41,306	16,750
Noncurrent liabilities	<u>7,775,765</u>	<u>8,516,929</u>
Total Liabilities	<u>7,817,071</u>	<u>8,533,679</u>
Deferred Inflows of Resources	<u>739,005</u>	<u>83,635</u>
Net Position		
Net investment in capital assets	2,323,995	2,480,859
Restricted	1,190,587	38,354
Unrestricted	<u>(1,597,416)</u>	<u>(747,203)</u>
Total Net Position	<u>\$ 1,917,166</u>	<u>\$ 1,772,010</u>

A large component of the District's net position is net investment in capital assets of \$2,323,995, which reflects the District's investment in capital assets, net of depreciation, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its citizens and consequently, these assets are not available for future spending. The District currently has \$1,655,978 of installment purchase debt outstanding.

The restricted net position of \$1,190,587 represents resources that are subject to restrictions on their use. The restrictions are for the purchase of equipment and capital buildings.

The remaining balance of \$(1,597,416) is unrestricted. This represents an increase of \$850,213 from 2020. At the end of the current fiscal year, the District is able to report positive net position balances for the government as a whole.

**Changes in Net Position  
Years Ended December 31,**

	<u>2021</u>	<u>2020</u>
Program Revenues		
Operating grants and contributions	\$ 315,656	\$ 210,192
General Revenues		
Real property taxes	1,666,201	1,641,914
Use of money and property	488	1,139
Miscellaneous	15	20
Total General Revenues	<u>1,666,704</u>	<u>1,643,073</u>
Total Revenues	1,982,360	1,853,265
Program Expenses		
Public safety	1,769,490	1,812,897
Interest	67,714	72,101
Total Expenses	<u>1,837,204</u>	<u>1,884,998</u>
Change in Net Position	145,156	(31,733)
Net Position		
Beginning	<u>1,772,010</u>	<u>1,803,743</u>
Ending	<u>\$ 1,917,166</u>	<u>\$ 1,772,010</u>

**Financial Analysis of the Government's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Funds*

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental fund reported an ending fund balance of \$5,033,677, an increase of \$774,833 from 2020. Of the \$5,033,677, the unassigned fund balance is \$469,682. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been restricted for the length of service award program (\$3,284,166), prepaid expenditures (\$89,242) and for the purchase of equipment and capital buildings (\$1,190,587).

### Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2021, amounted to \$3,979,973 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furnishing and equipment, vehicles, vehicle equipment and telephone system.

#### Capital Assets December 31, (Net of Accumulated Depreciation)

	<u>2021</u>	<u>2020</u>
Land	\$ 2	\$ 2
Construction-in-progress	34,254	14,013
Buildings and improvements	426,415	427,726
Furnishings and equipment	173,227	172,804
Vehicles	2,951,870	3,196,667
Vehicle equipment	<u>394,205</u>	<u>445,048</u>
Total	<u>\$ 3,979,973</u>	<u>\$ 4,256,260</u>

Additional information on the District's capital assets can be found in Note 3 in the notes to the financial statements.

#### Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Secretary/Treasurer, Brewster Southeast Joint Fire District, New York, 501 North Main Street, Brewster, New York 10509.

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**Brewster Southeast Joint Fire District, New York**

Statement of Net Position  
December 31, 2021

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 1,895,495
Investments	3,090,246
Prepaid expenses	89,242
Capital assets	
Not being depreciated	34,256
Being depreciated, net	<u>3,945,717</u>
 Total Assets	 <u>9,054,956</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related	<u>1,418,286</u>
 <b>LIABILITIES</b>	
Accounts payable and accrued liabilities	41,306
Noncurrent liabilities	
Due within one year	123,978
Due in more than one year	<u>7,651,787</u>
 Total Liabilities	 <u>7,817,071</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related	<u>739,005</u>
 <b>NET POSITION</b>	
Net Investment in capital assets	2,323,995
Restricted for	
Purchase of equipment	1,174,886
Purchase of capital buildings	15,701
Unrestricted	<u>(1,597,416)</u>
 Total Net Position	 <u>\$ 1,917,166</u>

The notes to the financial statement are an integral part of this statement.

**Brewster Southeast Joint Fire District, New York**

Statement of Activities  
 Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental Activities			
Public safety	\$ 1,769,490	\$ 315,656	\$ (1,453,834)
Interest	67,714	-	(67,714)
Total Governmental Activities	\$ 1,837,204	\$ 315,656	(1,521,548)
General Revenues			
Real property taxes			1,666,201
Unrestricted use of money and property			488
Miscellaneous			15
Total General Revenues			1,666,704
Change in Net Position			145,156
<b>NET POSITION</b>			
Beginning			1,772,010
Ending			\$ 1,917,166

The notes to the financial statement are an integral part of this statement.

**Brewster Southeast Joint Fire District, New York**

Balance Sheet  
General Fund  
December 31, 2021

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**ASSETS**

Cash and equivalents	\$ 1,895,495
Investments	3,090,246
Prepaid expenditures	<u>89,242</u>
Total Assets	<u>\$ 5,074,983</u>

**LIABILITIES AND FUND BALANCE**

Liabilities	
Accounts payable and accrued liabilities	<u>\$ 41,306</u>
Fund Balance	
Nonspendable	89,242
Restricted	4,474,753
Unassigned	<u>469,682</u>
Total Fund Balance	<u>5,033,677</u>
Total Liabilities and Fund Balance	<u>\$ 5,074,983</u>

The notes to the financial statement are an integral part of this statement.



**Brewster Southeast Joint Fire District, New York**

Reconciliation of the General Fund Balance Sheet to the  
Government-Wide Statement of Net Position  
December 31, 2021

---

Amounts Reported for Governmental Activities in the Statement of Net Position  
are Different Because

Fund Balance - General Fund	<u>\$ 5,033,677</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	
Capital assets - non-depreciable	34,256
Capital assets - depreciable	7,864,213
Accumulated depreciation	<u>(3,918,496)</u>
	<u>3,979,973</u>
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for pensions are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows of resources - pension related	1,418,286
Deferred inflows of resources - pension related	<u>(739,005)</u>
	<u>679,281</u>
Long-term liabilities that are not due and payable in the current period, therefore, are not reported in the funds.	
Installment purchase debt	(1,655,978)
Total pension liability	<u>(6,119,787)</u>
	<u>(7,775,765)</u>
Net Position of Governmental Activities	<u><u>\$ 1,917,166</u></u>

The notes to the financial statement are an integral part of this statement.

**Brewster Southeast Joint Fire District, New York**

Statement of Revenues, Expenditures and Changes in Fund Balance

General Fund

Year Ended December 31, 2021

---

**REVENUES**

Real property taxes	\$	1,666,201
Use of money and property		245,725
Sale of property and compensation for loss		70,419
Miscellaneous		<u>15</u>
Total Revenues		<u>1,982,360</u>

**EXPENDITURES**

Public safety		1,020,390
Debt service		
Principal		119,423
Interest		<u>67,714</u>
Total Expenditures		<u>1,207,527</u>

Net Change in Fund Balance 774,833

**FUND BALANCE**

Beginning of Year		<u>4,258,844</u>
End of Year	\$	<u>5,033,677</u>

The notes to the financial statement are an integral part of this statement.

**Brewster Southeast Joint Fire District, New York**

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balance of General Fund to the Statement of Activities  
Year Ended December 31, 2021

---

Amounts Reported for Governmental Activities in the Statement of Activities  
are Different Because

Net Change in Fund Balance - Total Governmental Fund	<u>\$ 774,833</u>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay expenditures	107,366
Depreciation expense	<u>(383,653)</u>
	<u>(276,287)</u>
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	
Principal paid on installment purchase debt	<u>119,423</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Changes in pension liabilities and related deferred outflows and inflows of resources	<u>(472,813)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 145,156</u></u>

The notes to the financial statement are an integral part of this statement.

**Brewster Southeast Joint Fire District, New York**

General Fund  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual - General Fund  
 Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Real property taxes	\$ 1,667,612	\$ 1,667,612	\$ 1,666,201	\$ (1,411)
Use of money and property	-	-	245,725	245,725
Sale of property and compensation for loss	-	-	70,419	70,419
Miscellaneous	-	-	15	15
<b>Total Revenues</b>	<u>1,667,612</u>	<u>1,667,612</u>	<u>1,982,360</u>	<u>314,748</u>
<b>EXPENDITURES</b>				
Public safety	1,437,612	1,437,612	1,020,390	417,222
Debt service				
Principal	120,286	120,286	119,423	863
Interest	67,714	67,714	67,714	-
<b>Total Expenditures</b>	<u>1,625,612</u>	<u>1,625,612</u>	<u>1,207,527</u>	<u>418,085</u>
<b>Net Change in Fund Balance</b>	<b>42,000</b>	<b>42,000</b>	<b>774,833</b>	<b>732,833</b>
<b>FUND BALANCE</b>				
Beginning of Year	<u>(42,000)</u>	<u>(42,000)</u>	<u>4,258,844</u>	<u>4,300,844</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,033,677</u>	<u>\$ 5,033,677</u>

The notes to the financial statement are an integral part of this statement.

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## **Brewster Southeast Joint Fire District, New York**

Notes to Financial Statements  
December 31, 2021

---

### **Note 1 - Summary of Significant Accounting Policies**

Brewster Southeast Joint Fire District, New York ("District") was formed September 1, 1966 by joint resolution of the Village of Brewster, New York Board of Trustees and the Town Board of the Town of Southeast, New York and operates in accordance with various applicable laws of the State of New York. The Board of Fire Commissioners is the legislative body responsible for the overall operation of the District. The members of the Board are elected by the taxpayers of the District. The primary function of the District is to provide fire protection services to residents of the District.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below:

#### **A. Financial Reporting Entity**

The financial reporting entity consists of the primary government which is the District, organizations for which the District is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the District's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

#### **B. Government-Wide Financial Statements**

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the District as a whole.

The Statement of Net Position presents the financial position of the District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The District does not allocate indirect expenses to functions in the Statement of Activities.

While separate government-wide and fund financial statements are presented, they are interrelated. Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Brewster Southeast Joint Fire District, New York**

Notes to Financial Statements (Continued)  
December 31, 2021

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**C. Fund Financial Statements**

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The District's resources are reflected in the fund financial statements in one broad fund category, in accordance with generally accepted accounting principles as follows:

**Fund Categories**

Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following is the District's governmental fund:

General Fund - The General Fund is the primary operating fund of the District and is used to account for and report all financial resources not accounted for and reported in another fund.

**D. Measurement Focus/Basis of Accounting and Financial Statement Presentation**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Brewster Southeast Joint Fire District, New York**

Notes to Financial Statements (Continued)

December 31, 2021

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to total pension liability are recognized later based on specific accounting rules applicable, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances**

**Cash and Equivalents, Investments and Risk Disclosure**

**Cash and Equivalents** - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The District's investment policies are governed by State statutes. The District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal Deposit Insurance. The District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

**Investments** - (except Length of Service Award Program Investments) - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Investments of the Length of Service Award Program are invested in accordance with a statutory prudent person rule. The District has not adopted a formal investment policy for these investments.

The District follows the provisions of GASB Statement No. 72, "*Fair Value Measurement and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs



## Brewster Southeast Joint Fire District, New York

Notes to Financial Statements (Continued)  
December 31, 2021

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### **Note 1 - Summary of Significant Accounting Policies (Continued)**

have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

#### **Risk Disclosure**

**Interest Rate Risk** - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the District does not invest in any long-term investment obligations.

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB Statement No. 40, "Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the District's name. The District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2021.

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

**Concentration of Credit Risk** - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The District's investment policy limits the amount on deposit at each of its banking institutions.

**Taxes Receivable** - Real property taxes attach as an enforceable lien on real property and are levied on January 1st. The Town of Southeast, New York ("Town") collects the District's taxes which are due April 1st and payable without penalty by April 30th. The Town remits the entire levy to the District in accordance with a mutually agreed upon payment schedule.

**Inventory** - There are no inventory values presented in the balance sheets of the General Fund of the District. Purchases of inventoriable items are recorded as expenditures at the time of purchase and year-end balances are not material.

**Prepaid Expenses/Expenditures** - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in the financial statements. Prepaid expenses/expenditures consist of insurance costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in the financial statements are equally offset by nonspendable fund balance, in the financial statements, which

**Brewster Southeast Joint Fire District, New York**

Notes to Financial Statements (Continued)  
December 31, 2021

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Capital Assets** - Capital assets, which include property, plant and equipment are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,500 and an estimated useful life of at least five years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction in progress are not depreciated. Property, plant and equipment of the District are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and improvements	20 - 50
Furnishings and equipment	5 - 10
Vehicles	8 - 20
Vehicle equipment	10 - 15
Telephone system	5 - 10

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The District reported deferred outflows/inflows of resources in relation to its pension liabilities. These amounts are detailed in the discussion of the District's pension plan in Note 3C.

**Long-Term Liabilities** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

## Brewster Southeast Joint Fire District, New York

Notes to Financial Statements (Continued)  
December 31, 2021

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### **Note 1 - Summary of Significant Accounting Policies (Continued)**

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

**Total Pension Liability** - The total pension liability represents the District's liability for its Length of Service Award program ("LOSAP"). The financial reporting of this amount is presented in accordance with the provisions of GASB Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*" that establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68.

**Net Position** - represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

*Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the Board of Fire Commissioners or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the District includes restricted for purchases of equipment and capital buildings.

*Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

**Fund Balances** - Generally, fund balance represents the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard the fund balance classifications are as follows:

Nonspendable fund balance, includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables, advances) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

## **Brewster Southeast Joint Fire District, New York**

Notes to Financial Statements (Continued)  
December 31, 2021

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### **Note 1 - Summary of Significant Accounting Policies (Continued)**

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Fire Commissioners is the highest level of decision-making authority for the District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Fire Commissioners.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the District Board of Fire Commissioners for amounts assigned for balancing the subsequent year's budget or delegated to the District Treasurer for amount assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund.

Unassigned fund balance represents amounts not classified as nonspendable, restricted, committed or assigned.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the District's policy to use fund balance in the following order: committed, assigned, and unassigned.

#### **F. Encumbrances**

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities. The District has not implemented an encumbrance system.

#### **G. Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and

**Brewster Southeast Joint Fire District, New York**

Notes to Financial Statements (Continued)  
December 31, 2021

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**H. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which is April 25, 2022.

**Note 2 - Stewardship, Compliance and Accountability**

**A. Budgetary Data**

The District follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) The District budget shall be in the form described in Section 107 of Town Law and shall be adopted in the manner provided in Section 181 of Town Law.
- b) On or before the 21<sup>st</sup> day prior to the budget hearing, the Board of Fire Commissioners must adopt the proposed budget, file a copy with the District's secretary and post the budget on the District's website, if they maintain one.
- c) No sooner than the 20<sup>th</sup> day prior to the budget hearing, the District must post a notice of the budget hearing for 15 days on the District's website, if they maintain one, and sign board and provide a copy of the notice of the budget hearing to the Town Clerk of the Town in which the District is located and in which the District contracts.
- d) On or before 15 days prior to the budget hearing, the District must publish a notice of the budget hearing in its official newspaper, post a published notice on the District's website, if they maintain one, and provide a copy of the proposed budget for public inspection to the Town Clerk of the Town in which the District is located.
- e) On the 3<sup>rd</sup> Tuesday in October, the Board of Fire Commissioners shall hold a public hearing to discuss the contents of the proposed budget. The hearing shall be conducted and scheduled in a manner that maximizes participation. At such hearing, any person may be heard in favor of or against the proposed budget as compiled, or for or against any item or items therein contained.
- h) On or before November 7<sup>th</sup>, the District's secretary shall deliver two certified copies of the District's annual budget to the Town Clerk of the Town in which the District is located.
- i) Formal budgetary integration is employed during the year as a management control device for the General Fund.

**Brewster Southeast Joint Fire District, New York**

Notes to Financial Statements (Continued)  
December 31, 2021

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**Note 2 - Stewardship, Compliance and Accountability (Continued)**

- j) The District's General Fund budget is legally adopted annually on a basis consistent with generally accepted accounting principles.
- k) The Board of Fire Commissioners has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Fire Commissioners. Any modifications to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- l) General Fund appropriations lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the Board of Fire Commissioners.

**B. Property Tax Limitation**

The District is not limited as to the maximum amount of real property taxes which may be raised. However, Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law") modified previous law by imposing a limit on the amount of real property taxes a local government may levy.

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

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the 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 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 with the result expressed as a decimal to four places. The District is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the District, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the District. The District Board of Fire Commissioners may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the District Board of Fire Commissioners first enacts, by a vote of at least sixty percent of the total voting power of the District Board of Fire Commissioners, a local law to override such limit for such coming fiscal year.

**Brewster Southeast Joint Fire District, New York**

Notes to Financial Statements (Continued)  
December 31, 2021

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

**C. Expenditure Limitation**

The District, pursuant to Section 176 (18) of Town Law, is subject to an expenditure limitation. The limitation is calculated on a formula which includes the full value of taxable real estate and certain statutory exclusions.

**D. Expenditures in excess of Budget**

The General fund budget exceeded its authorization as follows:

Public Safety - Personal Services \$ 27,005

**Note 3 - Detailed Notes on All Funds**

**A. Investments**

As of December 31, 2021 the District had the following investments and average maturities:

Type of Investment	Fair Value	N/A	1-5 Years	5-10 Years	10+ Years
Bond funds	\$ 319,959	\$ -	\$ 48,296	\$ 271,663	\$ -
U.S. and International equity funds	938,037	938,037	-	-	-
Real estate funds	53,707	53,707	-	-	-
Commodities funds	31,087	31,087	-	-	-
	<u>\$ 1,342,790</u>	<u>\$ 1,022,831</u>	<u>\$ 48,296</u>	<u>\$ 271,663</u>	<u>\$ -</u>

The investments had the following average credit ratings:

Type of Investment	Fair Value	N/A	A or better	BBB	B or less
Bond funds	\$ 319,959	\$ -	\$ 80,798	\$ 190,865	\$ 48,296
U.S. and international equity funds	938,037	938,037	-	-	-
Real estate funds	53,707	53,707	-	-	-
Commodities funds	31,087	31,087	-	-	-
	<u>\$ 1,342,790</u>	<u>\$ 1,022,831</u>	<u>\$ 80,798</u>	<u>\$ 190,865</u>	<u>\$ 48,296</u>

All of the District's investments listed above are valued using level one inputs.

In addition to the investments above, the length of service awards program has a guaranteed interest account ("GIA") provided through a group annuity contract backed by MassMutual's general investment account. MassMutual is not an investment fiduciary to the GIA. Assets in the MassMutual general investment account that back the GIA had average maturities ranging from 5.5 to 6.5 years. The program also has a stable value account provided through a group annuity contract backed by Lincoln Financial.

The contracts meets the fully benefit-responsive investment contract criteria and therefore are reported at contract value. Contract value is the relevant measure for fully benefit-responsive investment contracts because this is the amount received by participants if they were to initiate permitted transactions under the terms of the Plan. Contract value represents contributions made under each contract, plus earnings, less participant withdrawals, and administrative expenses. At December 31, 2021, the value of the District's investments in the contracts was \$1,747,456.

**Brewster Southeast Joint Fire District, New York**

Notes to Financial Statements (Concluded)  
December 31, 2021

**Note 3 - Detailed Notes on All Funds (Continued)**

**B. Capital Assets**

Changes in the District's capital assets are as follows:

Class	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
Capital assets, not being depreciated:				
Land	\$ 2	\$ -	\$ -	\$ 2
Construction in progress	14,013	24,000	3,759	34,254
	<u>\$ 14,015</u>	<u>\$ 24,000</u>	<u>\$ 3,759</u>	<u>\$ 34,256</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 1,434,504	\$ 37,766	\$ -	\$ 1,472,270
Furnishings and equipment	438,775	34,428	9,359	463,844
Vehicles	5,082,193	14,931	-	5,097,124
Vehicle equipment	822,975	-	-	822,975
Telephone system	8,000	-	-	8,000
Total Capital Assets, being depreciated	<u>7,786,447</u>	<u>87,125</u>	<u>9,359</u>	<u>7,864,213</u>
Less accumulated depreciation for:				
Buildings and improvements	1,006,778	39,077	-	1,045,855
Furnishings and equipment	265,971	34,005	9,359	290,617
Vehicles	1,885,526	259,728	-	2,145,254
Vehicle equipment	377,927	50,843	-	428,770
Telephone system	8,000	-	-	8,000
Total Accumulated Depreciation	<u>3,544,202</u>	<u>383,653</u>	<u>9,359</u>	<u>3,918,496</u>
Total Capital Assets, being depreciated, net	<u>\$ 4,242,245</u>	<u>\$ (296,528)</u>	<u>\$ -</u>	<u>\$ 3,945,717</u>
Capital Assets, Net	<u>\$ 4,256,260</u>	<u>\$ (272,528)</u>	<u>\$ 3,759</u>	<u>\$ 3,979,973</u>

Depreciation expense of \$383,653 was charged to the District's function of public safety.

**C. Long-Term Liabilities**

The following table summarizes changes in the District's long-term liabilities for the year ended December 31, 2021:

	Balance January 1, 2021	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2021	Due Within One Year
Installment Purchase Debt	\$ 1,775,401	\$ -	\$ 119,423	\$ 1,655,978	\$ 123,978
Total Pension Liability	6,741,528	-	621,741	6,119,787	-
	<u>\$ 8,516,929</u>	<u>\$ -</u>	<u>\$ 741,164</u>	<u>\$ 7,775,765</u>	<u>\$ 123,978</u>



**Brewster Southeast Joint Fire District, New York**

Notes to Financial Statements (Continued)  
December 31, 2021

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**Note 3 - Detailed Notes on All Funds (Continued)**

**Installment Purchase Debt**

The District has entered into an agreement to lease fire trucks. The terms of the agreement transfer ownership to the District once all payments have been made. The leases meet the criteria of capital leases as defined by GASB guidance. The balance due at December 31, 2021 was \$1,655,978.

**Payments to Maturity**

The annual requirements to amortize all installment purchase debt outstanding at December 31, 2021 including interest payments of \$402,528 were as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 123,978	63,159
2023	128,706	58,430
2024	133,615	53,522
2025	138,711	48,426
2026	144,002	43,135
2027-2031	806,704	128,981
2032	<u>180,262</u>	<u>6,875</u>
	<u>\$ 1,655,978</u>	<u>\$ 402,528</u>

**Total Pension Liability**

The District's financial statements are for the year ended December 31, 2021. However, the information contained in this note is based on information for the Length of Service Awards Program for the plan year ending on February 28, 2021, which is the most recent plan year for which complete information is available.

*Length of Service Awards Program - LOSAP*

The District established a defined benefit Service Awards Program (referred to as a "LOSAP" – length of service awards program) – qualifying under Section 457(e)(11) of the Internal Revenue Code effective January 1, 1990 for the active volunteer firefighter members of the District. The program was established pursuant to Article 11-A of 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 and program administrator.

*Program Description*

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

**Brewster Southeast Joint Fire District, New York**

Notes to Financial Statements (Continued)  
December 31, 2021

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**Note 3 - Detailed Notes on All Funds (Continued)**

*Participation, Vesting and Service Credit*

Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is age 62 with one year of Plan participation. 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 points.

Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for 5 years of firefighting service rendered prior to the establishment of the program as an active firefighter member of the District.

*Benefits*

A participant's benefit under the program is the actuarial equivalent of a monthly payment for life equal to \$20 multiplied by the person's total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed forty years. 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. The fire company must maintain all required records on forms prescribed by the governing board.

The governing board of the sponsor has retained and designated VFIS to assist in the administration of the program. The designated program administrator's functions include installation assistance in the following areas: specimen adoption agreement, specimen master plan, insurance applications, participant enrollment forms, explanation of benefits and benefit certificates provided at enrollment and every three years thereafter. In addition, VFIS provides the following administrative assistance: reminder letter to the District with census for current anniversary date, participant's benefit calculation at the time of termination or retirement for verification by the District, schedule of benefits and costs, valuation and recommended deposit, summary of required contribution and actuarial review and recommended benefit enhancement.

Disbursements of program assets for the payment of benefits or administrative expenses must be approved.

As of the actuarial valuations date, the following employees were covered by the benefit terms.

Inactive participants currently receiving benefit payments	36
Inactive participants entitled to but not yet receiving benefit payments	55
Active participants	<u>68</u>
Total	<u>159</u>

**Brewster Southeast Joint Fire District, New York**

Notes to Financial Statements (Continued)  
December 31, 2021

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**Note 3 - Detailed Notes on All Funds (Continued)**

*Contributions*

New York State General Municipal Law §219(d) requires the District to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution shall be appropriated annually by the District.

*Measurement of Total Pension Liability*

The total pension liability at the February 28, 2021 measurement date was determined using an actuarial valuation as of March 1, 2020.

*Actuarial Assumptions.* The total pension liability in the March 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method: Entry Age Normal

Salary Scale: None Assumed

Mortality: RP2000 projected to 2030

*Discount Rate.* The discount rate used to measure the total pension liabilities was 2.50%, which is based on the 20-year AA general obligations bond rate as of the measurement date.

*Trust Assets.* Although assets have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the District. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement No. 73. The trust assets are recorded in the General Fund as investments and as a component of restricted fund balance.

*Changes in the Total Pension Liability*

Balance as of 3/1/20 measurement date	\$ 6,741,528
Service cost	192,510
Interest	167,163
Differences between expected and actual experience	(20,226)
Changes in assumptions or other inputs	(835,068)
Benefit payments	<u>(126,120)</u>
Balance as of 2/28/21 measurement date	<u>\$ 6,119,787</u>

*Sensitivity of the Total Pension Liability to changes in the discount rate*

The following presents the total pension liability of the District as of the February 28, 2021 measurement date, calculated using the discount rate of 2.50%, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.50%) or 1-percentage point higher (3.50%) than the current rate:

**Brewster Southeast Joint Fire District, New York**

Notes to Financial Statements (Continued)  
December 31, 2021

**Note 3 - Detailed Notes on All Funds (Continued)**

	1% Decrease (1.50%)	Current Discount Rate (2.50%)	1% Increase (3.50%)
Total Pension Liability	<u>\$ 7,373,114</u>	<u>\$ 6,119,787</u>	<u>\$ 5,137,233</u>

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended December 31, 2021, the District recognized pension expense of \$621,610. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 35,746	\$ 55,937
Changes of assumptions or other inputs	1,276,650	683,068
Benefit payments and administrative expenses subsequent to the measurement date	<u>105,890</u>	<u>-</u>
	<u>\$ 1,418,286</u>	<u>\$ 739,005</u>

\$105,890 reported as deferred outflows of resources related to pensions resulting from District transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended December 31, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	
2022	\$ 255,810
2023	270,820
2024	217,819
2025	<u>(171,058)</u>
	<u>\$ 573,391</u>

**Brewster Southeast Joint Fire District, New York**

Notes to Financial Statements (Continued)  
December 31, 2021

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**Note 3 - Detailed Notes on All Funds (Continued)**

**Legal Debt Margin**

The District is subject to legal limitations on the amount of debt that it may issue. The District's legal debt margin is generally 3% of the most recent full valuation of taxable real property.

**D. Net Position**

The components of net position are detailed below:

*Net Investment in Capital Assets* - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

*Restricted for the Purchase of Equipment and Capital Buildings* - the component of net position that reports the amounts restricted for the financing of all or part of the cost of construction or acquisition of a type capital improvement or equipment.

*Unrestricted* - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

**E. Fund Balances**

Certain elements of fund balance are described above. Those additional elements which are not reflected in the statement of net position but are reported in the governmental funds balance sheet are described below.

	General Fund	
	December 31,	
	2021	2020
Nonspendable - prepaid expenditures	\$ 89,242	\$ 107,016
Restricted:		
Equipment	1,174,886	38,350
Capital buildings	15,701	-
Ambulance equipment	-	4
Pension benefits	3,284,166	2,987,779
Total Restricted	4,474,753	3,026,133
Unassigned	469,682	1,125,695
Total Fund Balance	\$ 5,033,677	\$ 4,258,844

**Brewster Southeast Joint Fire District, New York**

Notes to Financial Statements (Concluded)  
December 31, 2021

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**Note 3 - Detailed Notes on All Funds (Continued)**

Prepaid Expenditures has been established to account for payments made in advance. The amount has been classified as nonspendable to indicate that these funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Restricted for Pension Benefits - The component of fund balance that has been set aside to be used for LOSAP pension benefits in accordance with Article 11-A of the General Municipal Law of the State of New York.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned.

**Note 4 - Contingencies**

***Risk Management***

The District purchases various conventional insurance policies to reduce its exposure to loss. The general liability policy provides for coverage up to \$1 million per occurrence and \$3 million in the aggregate. In addition, the District maintains an umbrella policy with policy limits of \$10 million. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years. The District purchases conventional workers' compensation insurance with coverage at statutory levels.

**Note 5 - Recently Issued GASB Pronouncements**

GASB Statement No. 87, "Leases", as amended by GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance", establishes a single model for lease accounting based on the concept that leases are a financing of a "right-to-use" underlying asset. As such, this Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset. A lessor will be required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the District believes will most impact its financial statements. The District will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

\* \* \*

**Brewster Southeast Joint Fire District, New York**

Required Supplementary Information  
 Length of Service Awards Program  
 Schedule of Changes in Total Pension Liability and Related Ratios  
 Last 10 Fiscal Years (1)

	2021	2020	2019	2018	2017
<b>Total Pension Liability</b>					
Service Cost	\$ 192,510	\$ 253,881	\$ 187,036	\$ 185,162	\$ 176,836
Interest	167,163	81,063	159,140	139,616	136,757
Differences between expected and actual experience	(20,226)	59,576	(72,327)	(10,778)	-
Changes in assumptions or other inputs	(835,068)	1,931,959	15,738	328,822	(90,084)
Benefit payments	(126,120)	(111,903)	(101,210)	(90,842)	(90,396)
<b>Net Change in total pension liability</b>	<b>(621,741)</b>	<b>2,214,576</b>	<b>188,377</b>	<b>551,980</b>	<b>133,113</b>
<b>Total pension liability – beginning</b>	<b>6,741,528</b>	<b>4,526,952</b>	<b>4,338,575</b>	<b>3,786,595</b>	<b>3,653,482</b>
<b>Total pension liability – ending</b>	<b>\$ 6,119,787</b>	<b>\$ 6,741,528</b>	<b>\$ 4,526,952</b>	<b>\$ 4,338,575</b>	<b>\$ 3,786,595</b>
Covered payroll	N/A	N/A	N/A	N/A	N/A
Total pension liability as a percentage of covered payroll	0%	0%	0%	0%	0%

(1) Data not available prior to fiscal year 2017 implementation of Governmental Accounting Standards Board Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement No. 68, and amendment to certain provisions of GASB Statement Nos. 67 and 68".

**Notes to Required Supplementary Information**

Changes of assumptions or other inputs: Discount rate changed from 1.81% in 2020 to 2.50% in 2021  
 Benefit changes: None

Trust Assets. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.

See independent auditors' report.

**Brewster Southeast Joint Fire District, New York**

General Fund

Combining Balance Sheet - Sub-Funds

December 31, 2021

(With Comparative Totals for 2020)

	General	Fire Service Awards Program	Eliminations	December 31,	
				2021	2020
<b>ASSETS</b>					
Cash and equivalents	\$ 1,895,495	\$ -	\$ -	\$ 1,895,495	\$ 1,180,799
Investments	-	3,090,246	-	3,090,246	2,987,779
Contributions receivable		193,920	(193,920)	-	-
Prepaid expenditures	89,242	-	-	89,242	107,016
Total Assets	<u>\$ 1,984,737</u>	<u>\$ 3,284,166</u>	<u>\$ (193,920)</u>	<u>\$ 5,074,983</u>	<u>\$ 4,275,594</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities					
Accounts payable and accrued liabilities	\$ 235,226	\$ -	\$ (193,920)	\$ 41,306	\$ 16,750
Fund Balance					
Nonspendable	89,242	-	-	89,242	107,016
Restricted	1,190,587	3,284,166	-	4,474,753	3,026,133
Unassigned	469,682	-	-	469,682	1,125,695
Total Fund Balance	<u>1,749,511</u>	<u>3,284,166</u>	<u>-</u>	<u>5,033,677</u>	<u>4,258,844</u>
Total Liabilities and Fund Balance	<u>\$ 1,984,737</u>	<u>\$ 3,284,166</u>	<u>\$ -</u>	<u>\$ 5,074,983</u>	<u>\$ 4,275,594</u>

See independent auditors' report.



**Brewster Southeast Joint Fire District, New York**

General Fund

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Sub-Funds

Year Ended December 31, 2021

(With Comparative Totals for 2020)

	General	Fire Service Awards Program	Eliminations	2021	2020
<b>REVENUES</b>					
Real property taxes	\$ 1,666,201	\$ -	\$ -	\$ 1,666,201	\$ 1,641,914
Departmental income	-	199,947	(199,947)	-	-
Use of money and property	488	245,237	-	245,725	169,688
Sale of property and compensation for loss	70,419	-	-	70,419	41,643
Miscellaneous	15	-	-	15	20
Total Revenues	<u>1,737,123</u>	<u>445,184</u>	<u>(199,947)</u>	<u>1,982,360</u>	<u>1,853,265</u>
<b>EXPENDITURES</b>					
Public safety	1,071,540	148,797	(199,947)	1,020,390	987,410
Debt service					
Principal	119,423	-	-	119,423	115,036
Interest	67,714	-	-	67,714	72,101
Total Expenditures	<u>1,258,677</u>	<u>148,797</u>	<u>(199,947)</u>	<u>1,207,527</u>	<u>1,174,547</u>
Excess of Revenues Over Expenditures	478,446	296,387	-	774,833	678,718
<b>FUND BALANCE</b>					
Beginning of year	1,271,065	2,987,779	-	4,258,844	3,580,126
End of year	<u>\$ 1,749,511</u>	<u>\$ 3,284,166</u>	<u>\$ -</u>	<u>\$ 5,033,677</u>	<u>\$ 4,258,844</u>

See independent auditors' report.

**Brewster Southeast Joint Fire District, New York**

General Fund

Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - Sub-Fund  
Years Ended December 31,

	2021			2020			Variance with Final Budget
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
<b>REVENUES</b>							
Real property taxes	\$ 1,667,612	\$ 1,667,612	\$ 1,666,201	\$ 1,641,997	\$ 1,641,997	\$ 1,641,914	\$ (83)
Use of money and property	-	-	488	-	-	1,139	1,139
Sale of property and							
compensation for loss	-	-	70,419	-	-	41,643	41,643
Miscellaneous	-	-	15	-	-	20	20
<b>Total Revenues</b>	<b>1,667,612</b>	<b>1,667,612</b>	<b>1,737,123</b>	<b>1,641,997</b>	<b>1,641,997</b>	<b>1,684,716</b>	<b>42,719</b>
<b>EXPENDITURES</b>							
Public safety	1,437,612	1,437,612	1,071,540	1,411,997	1,411,997	1,052,111	359,886
Debt service							
Principal	120,286	120,286	119,423	115,899	115,899	115,036	863
Interest	67,714	67,714	67,714	72,101	72,101	72,101	-
<b>Total Expenditures</b>	<b>1,625,612</b>	<b>1,625,612</b>	<b>1,258,677</b>	<b>1,599,997</b>	<b>1,599,997</b>	<b>1,239,248</b>	<b>360,749</b>
Excess of Revenues Over Expenditures	42,000	42,000	478,446	42,000	42,000	445,468	403,468
<b>FUND BALANCE</b>							
Beginning of Year	(42,000)	(42,000)	1,271,065	(42,000)	(42,000)	825,597	867,597
End of year	\$ -	\$ -	\$ 1,749,511	\$ -	\$ -	\$ 1,271,065	\$ 1,271,065

See independent auditors' report.

**Brewster Southeast Joint Fire District, New York**

General Fund

Schedule of Expenditures Compared to Budget

Year Ended December 31, 2021

(With Comparative Actuals for 2020)

	2021				2020 Actual
	Original Budget	Final Budget	Actual	Variance with Final Budget	
<b>PUBLIC SAFETY</b>					
Personal services	\$ 37,000	\$ 37,000	\$ 64,005	\$ (27,005)	\$ 58,268
Equipment and capital outlay	245,000	245,000	111,321	133,679	95,784
Contractual	689,628	689,628	567,520	122,108	586,504
Employee benefits	465,984	465,984	328,694	137,290	311,555
	<u>1,437,612</u>	<u>1,437,612</u>	<u>1,071,540</u>	<u>366,072</u>	<u>1,052,111</u>
<b>DEBT SERVICE</b>					
Principal	120,286	120,286	119,423	863	115,036
Interest	67,714	67,714	67,714	-	72,101
	<u>188,000</u>	<u>188,000</u>	<u>187,137</u>	<u>863</u>	<u>187,137</u>
	<u>\$ 1,625,612</u>	<u>\$ 1,625,612</u>	<u>\$ 1,258,677</u>	<u>\$ 366,935</u>	<u>\$ 1,239,248</u>

See independent auditors' report.



**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***

**Independent Auditors' Report**

**The Board of Fire Commissioners  
of the Brewster Southeast Joint Fire District, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Brewster Southeast Joint Fire District, New York ("District") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 25, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

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

## **Purpose of This Report**

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

*PKF O'Connor Davies, LLP*  
Harrison, New York  
April 25, 2022

**APPENDIX C**

**FORM OF BOND COUNSEL OPINION**

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

June 28, 2023

The Board of Fire Commissioners of  
the Brewster-Southeast Joint Fire District,  
in the Village of Brewster and Town of Southeast,  
Putnam County, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Brewster-Southeast Joint Fire District, in the Village of Brewster and Town of Southeast, Putnam 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 \$1,965,000 Fire District Serial Bonds-2023 (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 Brewster-Southeast Joint Fire District, in the Village of Brewster and Town of Southeast, Putnam 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 June 14, 2023.

“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 **\$1,965,000 Fire District Serial Bonds-2023**, dated June 28, 2023, maturing in various principal amounts on June 15 in each of the years 2024 to 2040, 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, 2023, 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 **June 28, 2023**.

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