

SEPTEMBER 6, 2017

ADDENDUM TO THE PRELIMINARY OFFICIAL STATEMENT  
DATED SEPTEMBER 5, 2017 RELATING TO:

**\$1,600,000**

**BALDWIN FIRE DISTRICT  
IN THE TOWN OF HEMPSTEAD  
NASSAU COUNTY, NEW YORK**  
(the “Fire District”)

**FIRE DISTRICT SERIAL BONDS – 2017**  
**[BOOK-ENTRY-ONLY BONDS]**

Please be advised that at the option of the purchaser, the Bonds may be either registered in the name of the purchaser or registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”) as book-entry bonds.

**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 5, 2017**

**NEW ISSUE - SERIAL BONDS**

**RATING: MOODY'S INVESTORS 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 imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See "Tax Matters" herein.*

*The Fire District will designate the Bonds as "qualified tax-exempt obligations" pursuant to the provision of Section 265(b)(3) of the Code.*

**BALDWIN FIRE DISTRICT  
IN THE TOWN OF HEMPSTEAD  
NASSAU COUNTY, NEW YORK**  
(the "Fire District")

**\$1,600,000 FIRE DISTRICT SERIAL BONDS – 2017**  
**[BOOK-ENTRY-ONLY BONDS]**  
(the "Bonds")

**SEE BOND MATURITY SCHEDULE HEREIN**

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

*Prior Redemption:* The Bonds are not subject to redemption prior to maturity.

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

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

Proposals for the Bonds will be received at 11:00 A.M. (Prevailing Time) on September 13, 2017 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 September 26, 2017 in New York, New York.*

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

**BALDWIN FIRE DISTRICT  
IN THE TOWN OF HEMPSTEAD  
NASSAU COUNTY, NEW YORK**

**\$1,600,000 FIRE DISTRICT SERIAL BONDS – 2017**

**BOND MATURITY SCHEDULE**

**Dated: Date of Delivery**

**Principal Due: September 15, 2018-2025 inclusive**  
**Interest Due: March 15, 2018, September 15, 2018 and**  
**semi-annually thereafter on March 15**  
**and September 15 in each year to**  
**maturity**

<u>Amount</u>	<u>Maturity*</u>	<u>Rate</u>	<u>Price or Yield</u>	<u>CUSIP #</u>
\$ 185,000	2018			
190,000	2019			
195,000	2020			
200,000	2021			
200,000	2022			
205,000	2023			
210,000	2024			
215,000	2025			

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

**BALDWIN FIRE DISTRICT  
IN THE TOWN OF HEMPSTEAD  
NASSAU COUNTY, NEW YORK**

2386 Grand Avenue  
Baldwin, New York 11510  
Telephone: 516/223-7670

**BOARD OF FIRE COMMISSIONERS**

Robert Quackenbush, Chairman

**Board Members**

Frank Esposito  
Michael McDermott

Douglas Wiedmann  
Paul Yanantuono

-----

Kenneth A. Brown, Treasurer  
Kenneth A. Brown, Secretary  
Gerard W. Brown, District Supervisor  
Audrey Harron, District Administrator  
Timothy M. Dougherty, Attorney

\* \* \*

**BOND COUNSEL**

Hawkins Delafield & Wood LLP  
New York, New York

\* \* \*

**MUNICIPAL ADVISOR**

**MUNISTAT SERVICES, INC.**

Municipal Finance Advisory Service

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

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

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

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**OFFICIAL STATEMENT**  
**BALDWIN FIRE DISTRICT**  
**IN THE TOWN OF HEMPSTEAD**  
**SUFFOLK COUNTY, NEW YORK**

**\$1,600,000 FIRE DISTRICT SERIAL BONDS – 2017**  
**[BOOK-ENTRY-ONLY BONDS]**

This Official Statement and the appendices hereto present certain information relating to the Baldwin Fire District (the “Fire District”) in the Town of Hempstead (the “Town”), in the County of Nassau, in the State of New York (the “County” and “State,” respectively) in connection with the sale of \$1,600,000 Fire District Serial Bonds – 2017 (the “Bonds”) of the Fire District.

All quotations from and summaries and explanations of provisions of the Constitution and Laws of the State and acts and proceedings of the Fire District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Bonds and the proceedings of the Fire District relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

**THE BONDS**

**Description of the Bonds**

The Bonds will be dated the date of delivery, and will mature on September 15 in each of the years 2018 to 2025, inclusive, in the principal amounts as set forth on the inside cover page hereof.

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

Interest on the Bonds will be payable on March 15, 2018 and September 15, 2018 and semi-annually thereafter on March 15 and September 15 in each year to maturity. Principal and interest will be paid by the Fire District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the Fire District referred to therein.

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

The Fire District will act as Paying Agent for the Bonds. The Fire District’s contact information is as follows: Kenneth A. Brown, Fire District Treasurer/Secretary, Baldwin Fire District in the Town of Hempstead, 2386 Grand Avenue, Baldwin, New York 11510, Phone (516) 223-7670 and email: kenneth.brown@nyct.com.

**Optional Redemption**

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

**Book-Entry-Only System**

DTC will act as Securities Depository for the Bonds. The Bonds will be issued as fully-registered securities, in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of the Bonds and deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of certificates.

Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

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

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

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



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

DTC may discontinue providing its services as Securities Depository with respect to the Bonds at any time by giving reasonable notice to the Fire District or the Fire District may decide to discontinue use of the system of book-entry transfers through DTC. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered to the beneficial owners.

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

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

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

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

### **Certificated Bonds**

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

### **Authorization and Purpose**

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Town Law and the Local Finance Law, and a bond resolution duly adopted by the Fire District Board of Commissioners on May 2, 2017, and approved as a proposition by a majority of the qualified voters of the Fire District present and voting thereon at the Fire District's Special Election held on June 13, 2017, authorizing the issuance of bonds in the amount of \$1,600,000 for the construction of improvements to the headquarters building.

## Security and Source of Payment

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

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

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

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

## REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

## **NO DEFAULT STATE**

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

## **BANKRUPTCY**

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

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

## **THE FIRE DISTRICT**

### **Description**

The Baldwin Fire District, which encompasses an area of approximately 6 square miles, is situated on Long Island, in Southern Nassau County, approximately 7 miles east of the New York City line. It is located within the Town of Hempstead, and includes various portions of the villages of Freeport and Rockville Centre, and the unincorporated communities of Baldwin, Roosevelt and South Hempstead.

The character of the District has been and remains suburban residential and commercial. The majority of the homes within the District are single-family residences. Commercial activity is concentrated in several commercially zoned areas. Industrial development within the District is minor.

The following transportation facilities are available to residents of the District: Nassau Inter-County Express (NICE) and Long Island Railroad.

Major Highways include the Southern State Parkway on the northern boundary and Meadowbrook Parkway to the east of the District; other major arteries are Sunrise Highway and Merrick Road.

Airline service is provided by J.F. Kennedy International Airport, LaGuardia Airport and MacArthur Airport.

### **Form of Fire District Government**

The Fire District is governed by a five (5) member Board of Fire Commissioners who are elected to five (5) year terms on a staggered basis. The Chairman of the Board is elected by the Commissioners, the Board appoints a Secretary and Treasurer every year at the Organizational Meeting of the Board. A full time District Supervisor is employed to oversee the overall operations of the Fire District. A volunteer force is responsible for the operation of the Fire Department equipment and apparatus. Volunteers and paid Fire District EMS provide emergency medical services with the Fire Districts.

### **Employees**

The Fire District has 7 full-time employees and 18 part-time employees, 5 of such employees are represented by the Local 342 L.I.P.S.A. The contract expires on December 31, 2017, and the Board and the Union will begin negotiations at such time.

## **ECONOMIC AND DEMOGRAPHIC INFORMATION**

### **Population**

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

<u>Year</u>	<u>Town of Hempstead</u>	<u>County of Nassau</u>	<u>State of New York</u>
1990	725,623	1,287,348	17,990,455
2000	755,924	1,334,544	18,976,457
2010	753,645	1,329,083	19,378,102
2015	767,916	1,354,612	19,673,174

Source: U.S. Bureau of the Census.

## Income Data

Income Data is not available for the Fire District as such. The smallest area for which such statistics are available (which includes the Fire District) is the Town of Hempstead. The information set forth below with respect to such Town and the County of Nassau and the State is included for information purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the Fire District is necessarily representative of the Town or the County or the State or vice versa.

	Per Capita Money Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2015<sup>a</sup></u>
Town of Hempstead	\$20,955	\$28,153	\$35,433	\$38,412
County of Nassau	23,352	32,151	40,912	42,949
State of New York	16,501	23,389	30,948	33,095

  

	Median Household Income			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2015<sup>a</sup></u>
Town of Hempstead	\$52,286	\$69,083	\$89,878	\$98,025
County of Nassau	54,283	72,030	96,626	98,401
State of New York	32,965	43,393	55,603	58,878

Source: United States Bureau of the Census

\*Note: Based on American Community Survey 5-Year Estimate (2011-2015)

## Unemployment Rate Statistics

Unemployment statistics are not available for the Fire District as such. The smallest areas for which such statistics are available (which include the Fire District) is the Town of Hempstead. The information set forth below with respect to such Town and the County of Nassau and the State is included for information purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the Fire District is necessarily representative of the Town or County or the State or vice versa.

<u>Annual Averages:</u>	<u>Town of Hempstead (%)</u>	<u>Nassau County (%)</u>	<u>New York State (%)</u>
2012	7.6	7.2	8.6
2013	6.4	6.0	7.7
2014	5.0	4.8	6.4
2015	4.5	4.3	5.3
2016	4.0	3.9	4.9
2017 (5 Months)	4.1	3.9	4.6

Source: Department of Labor, State of New York

## INDEBTEDNESS OF THE FIRE DISTRICT

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

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

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

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

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

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

### **Statutory Procedure**

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

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

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

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

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

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

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

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

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

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

**Computation of Debt Limit and Calculation of Total Indebtedness**  
(As of September 5, 2017)

<u>In Towns of:</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate (%)</u>	<u>Full Valuation</u>
Hempstead (2016-2017)	\$9,351,420	0.28	\$3,339,792,857
Debt Limit - 3% of Full Valuation			\$100,193,786
Inclusions:			
Outstanding Bonds			\$0
Bond Anticipation Notes			<u>0</u>
Total Indebtedness			<u>0</u>
Exclusions			<u>0</u>
Total Net Indebtedness Before Issuing the Bonds			<u>0</u>
The Bonds			1,600,000
Less: BANs to be redeemed by Issuance of the Bonds			<u>0</u>
Net Effect of the Bonds			1,600,000
Total Net Indebtedness After Issuing the Bonds			<u>1,600,000</u>
Net Debt Contracting Margin			<u><u>\$98,593,785.71</u></u>
Per Cent of Debt Contracting Margin Exhausted			1.60%

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

**Details of Short-Term Indebtedness Outstanding**  
(As of September 5, 2017)

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

**Authorized and Unissued Debt**

On May 2, 2017, the voters of the Fire District approved a public referendum authorizing the construction of improvements to the headquarters at a maximum cost of \$1,600,000. Such amount will be financed from this Bond issue.

**Trend of Outstanding Indebtedness**

	Fiscal Year Ending December 31:				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Bonds	\$1,125,000	\$900,000	\$675,000	\$450,000	\$225,000
BAN's	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$1,125,000</u>	<u>\$900,000</u>	<u>\$675,000</u>	<u>\$450,000</u>	<u>\$225,000</u>

Source: Audited Financial Statements.

**Calculation of Estimated Overlapping and Underlying Indebtedness**

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Nassau	04/30/2016	1.83	\$ 76,100,843	\$64,653,717
Town of Hempstead	03/28/2017	3.92	11,989,845	9,063,839
Baldwin UFSD	06/15/2016	100.00	10,770,000	5,632,710
Village of Freeport	06/20/2016	6.40	6,757,440	3,078,756
Village of Rockville Centre	08/09/2016	1.35	775,643	775,643
Totals			<u>\$106,393,771</u>	<u>\$83,204,665</u>

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

**Debt Ratios**

	<u>Amount</u>	<u>Per Capita<sup>a</sup></u>	<u>Percentage of Full Value (%)<sup>b</sup></u>
Total Direct Debt	\$ 0	\$ 0	0.00
Net Direct Debt	0	0	0.00
Total Direct & Applicable Total Overlapping Debt	106,393,771	3,066	3.19
Net Direct & Applicable Net Overlapping Debt	83,204,665	2,398	2.49

a. Current Population of the Fire District is approximately 34,700.

b. The 2016-2017 full valuation of taxable property is \$3,339,792,857.



## **FINANCES OF THE FIRE DISTRICT**

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

The Financial Statements of the Fire District are audited annually by an independent public accountant. For the fiscal year 2016, the audit was performed by the firm R. S. Abrams & Co., LLP. Such audit is attached as Appendix B.

### **Investment Policy**

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

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

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

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

### **Employee Pension System**

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

On December 10, 2009, the Governor signed into law the creation of a new Tier 5, which is effective for new ERS employees hired after January 1, 2010. New ERS employees in Tier 5 will now contribute 3% of their salaries. There is no provision for these contributions to cease for Tier 5 employees after a certain period of service.

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

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

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

Fiscal Year Ending <u>December 31:</u>	<u>ERS</u>
2012	\$107,682
2013	138,414
2014	133,470
2015	135,398
2016	115,529

### **Service Award Program**

Active volunteer firefighters who have reached the age of 18 and who have completed one (1) year of firefighting service are eligible to participate in the Fire District's Length of Service Award Program, which is a form of pension for qualifying volunteer firefighters. Participants acquire a non-forfeitable right to a service award after being credited with five (5) years of firefighting service or upon attaining the program's entitlement age while an active volunteer. The program's entitlement age is 62. An active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five (5) years of active of active volunteer firefighting service rendered prior to the establishment of the program.

A participant's service award benefit may be paid in the form of a lump sum, a life annuity with or without survivor benefits or life with a 10-year certain period. All forms of benefit payments are actuarially equivalent to each other, and are based on \$20.00 a month multiplied by the total number of years of service credit earned by the volunteer under the point system paid for life with a 10-year certain period. The maximum number of years of service credit a participant may earn is 40 years under the Program.

Except in the case of death or total and permanent disablement, service awards commence to be paid when a participant attains the entitlement age. Volunteers who continue to be active after attaining the entitlement age and begin to be paid a service award may have the opportunity to earn additional program credit and to thereby be compensated on an annual basis. The Program provides death and disability benefits equal to the actuarial value of the participant's earned service award at the time of death or disablement. The Program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are "self-insured" and are paid from the Program trust fund.

### **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 Hempstead budget as a part thereof. No change shall be made by the Town Board in the budget submitted by the Fire District. The Town levies and collects taxes in an amount equal to the amount required to be collected. The Fire District's budget is subject to the provisions of Chapter 97 of the New York Laws of 2011, as amended, which imposes a limitation on the amount of real property taxes that a fire district may levy in a given year. (See *Tax Levy Limit Law*," herein).

## **Basis of Accounting**

Each year the Fire District prepares an unaudited Annual Financial Report Update Document by the Fire District Treasurer which is submitted to the Office of State Comptroller, and the financial affairs of the Fire District are subject to periodic audit by the State Comptroller. Additionally, the financial statements of the Fire District are audited annually by an independent public accountant. For the fiscal year 2016, the audit was performed by the firm R. S. Abrams & Co., LLP. Such report is attached as Appendix B hereto.

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

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

## **Revenues**

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

### *Real Property Taxes*

See "Tax Information", herein.

## **Expenditures**

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

## **TAX INFORMATION**

### **Real Property Taxes**

The Fire District derives its power to levy an ad valorem real property tax from the State Constitution; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the Fire District are prepared by the County. Assessment valuations are determined by the assessor and the State Board of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Board 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 aids and are used by many localities in the calculation or debt contracting and real property taxing limitations. The Fire District is not subject to constitutional real property taxing limitations.

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

<u>Fiscal Year Ending December 31:</u>	<u>Total Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues (%)</u>
2012	\$4,608,262	\$4,425,761	96.04
2013	5,077,094	4,582,216	90.25
2014	4,804,756	4,621,706	96.19
2015	5,057,521	4,701,388	92.96
2016	5,034,649	4,634,273	92.05
2017 (Budgeted) <sup>a</sup>	4,838,796	4,838,796	100.00

a. Budgeted revenues include the application of reserves and fund balance.

### **Tax Collection Procedure**

In Nassau County, property taxes for the school districts are levied by the County, and are collected by the town tax receivers. Such taxes are due and payable in equal installments on October 1 and April 1, but may be paid without penalty by November 10 and May 10, respectively. The town tax receiver pays to each school district the amounts collected therefore on the first day of each month from October 1 to June 1. Penalties on unpaid taxes are 1% per month from the date such taxes are due and payable. A 1% discount for prepayment of second half taxes is given if received by November 10. Any such discount is a town charge.

On or before June 1, the town tax receiver files a report of any uncollected school district taxes with the County. The County thereafter on or before June 15 pays to each school district the amount of its uncollected taxes. Thus, each school district should receive its full levy prior to the end of its fiscal year. However, in recent years, this has not always been the case as some of these payments have been delayed.

Under existing law, the County assumes liability for all tax certiorari refund payments, including any portion of the refund attributable to the reduction in the amount of taxes raised to support Town operations. Historically, the County has not sought reimbursement from the affected school district, village or town following the payment of a refund to a taxpayer. However, by local law, the County amended the Administrative Code and the County Charter to eliminate the County guarantee relative to assessment errors. Commencing in 2013, the County sought to end the long-standing practice of paying tax certiorari settlements on behalf of local taxing jurisdictions, including the District. As a result, the District would be required to pay tax certiorari refunds attributable to a reduction in its District tax levy. In response to the adoption of the local law by the County, the Town of North Hempstead, together with a number of school districts, challenged the amendment, arguing amongst other things that the County did not have the ability to amend a State law and that it could not be done without referendum. The lower court dismissed the challenges, and the decision of the lower court was appealed.

The Appellate Division ruled unanimously in favor of the town and school districts challenging the local law enacted by the County. The County appealed the decision of the Appellate Division to the Court of Appeals. The Court of Appeals ruled unanimously that the County did not have the authority to enact the law. As a result, municipalities and school districts, including the District, located in the County will not be required to pay tax certiorari refunds, such refunds will continue to be the responsibility of the County.

## Tax Levy Limit Law

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

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

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

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

## Valuations, Rates and Levies

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Town of Hempstead					
Assessed Valuation	\$ 10,385,412	\$ 10,147,004	\$ 9,978,809	\$ 10,015,315	\$ 9,351,420
Equalization Rate	0.33%	0.33%	0.31%	0.29%	0.28%
Full Valuation	3,147,094,545	3,074,849,697	3,218,970,645	3,453,556,897	3,339,792,857
Tax Levy	\$5,077,094	\$4,804,756	\$5,057,521	\$5,034,649	\$4,838,796

**Selected Listing of Large Taxable Properties within the Fire District**  
2016-17 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
LI American Water Corp.	Utility	\$ 806,847
Keyspan Gas East Corp	Utility	800,760
Grand Associates	Commercial	447,919
Weiser Family 1 LLC	Real Estate	386,151
Baldwin Plaza Associates	Commercial	351,708
Grand Baldwin Associates	Commercial	342,228
New York Grocery Dist.	Commercial	297,868
United Property Corp.	Commercial	226,697
Verizon New York Inc.	Utility	195,664
Total <sup>a</sup>		<u><u>\$3,855,842</u></u>

a. Represents 41.2% of the 2016-17 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 claims or actions pending in which the Fire District has not asserted and/or has the ability to assert a substantial and adequate defense, nor which, if determined against the Fire District, would have an substantial adverse material effect on the financial condition of the Fire District.

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

The Fire District's credit rating could be affected by circumstances beyond the Fire District's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of Fire District property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the Fire District's credit rating could adversely affect the market value of the Bonds.

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

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

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

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

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

## **TAX MATTERS**

### **Opinion of Bond Counsel**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Fire District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. The Tax Certificate of the Fire District (the “Tax Certificate”), which will be delivered concurrently with the delivery of the Bonds will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Fire District in connection with the Bonds, and Bond Counsel has assumed compliance by the Fire District with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Fire District, under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

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

### **Certain Ongoing Federal Tax Requirements and Certifications**

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Fire District, in executing the Tax Certificate, will certify to the effect that the Fire District will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

## **Certain Collateral Federal Tax Consequences**

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

### **Original Issue Discount**

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which a substantial amount of the Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

### **Bond Premium**

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



## **Information Reporting and Backup Withholding**

Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

## **Miscellaneous**

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

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

## **LEGAL MATTERS**

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

## **DISCLOSURE UNDERTAKING**

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

In conjunction with the Fire District's 2001 Bond Issue, the Fire District was required to provide annual financial information upon request. Such bond issue matured on June 15, 2017. The Fire District has not filed material events in the past five years.

## **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 Moody's. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such ratings could have an adverse affect on the market price of the Bonds or the availability of a secondary market for such Bonds.

## **MUNICIPAL ADVISOR**

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

## **ADDITIONAL INFORMATION**

Additional information may be obtained upon request from the office of Kenneth A. Brown, Fire District Treasurer/Secretary, Baldwin Fire District in the Town of Hempstead, 2386 Grand Avenue, Baldwin, New York 11510, Phone (516) 223-7670 and email: kenneth.brown@nycf.com..

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

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

**BALDWIN FIRE DISTRICT, NEW YORK**

By: KENNETH A. BROWN  
Fire District Treasurer/Secretary and Chief Fiscal Officer  
Baldwin Fire District in the Town of Hempstead  
Baldwin, New York

September , 2017

## **APPENDIX A**

### **FINIANCIAL INFORMATION**

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Revenues</b>					
Real Property Taxes	\$ 4,425,761	\$ 4,582,216	\$ 4,621,706	\$ 4,701,388	\$ 4,634,273
PILOT payments	8,757		7,987	8,271	176,333
Interest and Earnings	1,503	12,762	2,006	1,334	835
Insurance Recoveries	5,279	1,466	1,021	1,613	28,013
Rentals	141,462	199,225	122,545	125,293	131,225
Sale of Equipment	7,500	147,915	8,124	88,842	4,000
State and Federal Aid and Grants	18,000	133,510	41,367	130,780	59,970
	<u>4,608,262</u>	<u>5,077,094</u>	<u>4,804,756</u>	<u>5,057,521</u>	<u>5,034,649</u>
<b>Expenditures</b>					
Personal services	833,265	859,061	881,026	893,484	961,879
Equipment and capital outlay	474,577	474,059	295,069	2,391,105	793,205
Contractual expenditures	1,380,599	1,470,268	1,581,751	1,534,212	1,388,647
Debt service - principal	362,889	367,859	322,545	341,376	360,129
Debt service - interest	72,179	56,971	41,440	36,202	30,595
Service awards	358,000	358,000	322,000	331,800	349,135
Employee Benefits	756,066	833,671	839,149	872,966	956,239
	<u>4,237,575</u>	<u>4,419,889</u>	<u>4,282,980</u>	<u>6,401,145</u>	<u>4,839,829</u>
<b>Other Uses</b>					
Operating Transfers In	215000	394,955	102,436	1,226,264	254,507
Operating Transfers Out	-215000	(394,955)	(102,436)	(1,226,264)	(254,507)
Issuance of Debt				700,000	
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>700,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditur	<u>370,687</u>	<u>657,205</u>	<u>521,776</u>	<u>(643,624)</u>	<u>194,820</u>
Fund Equity Beginning of Year	<u>1,682,095</u>	<u>2,052,782</u>	<u>2,709,987</u>	<u>3,231,763</u>	<u>2,588,139</u>
Fund Equity End of Year	<u>\$ 2,052,782</u>	<u>\$ 2,709,987</u>	<u>\$ 3,231,763</u>	<u>\$ 2,588,139</u>	<u>\$ 2,782,959</u>

Note: This schedule is not audited.

Source: Audited Financial Statements (2012-2016)

**BALANCE SHEET**  
**Fiscal Year Ended December 31:**  
**General Fund (Operating)**

	<u><b>2014</b></u>	<u><b>2015</b></u>	<u><b>2016</b></u>
<b>ASSETS:</b>			
Current Assets			
Cash - General Fund	\$ 34,548	\$ 38,602	\$ 80,008
Other Receivables	142,987	70,453	154,460
Restricted Assets	3,121,042	1,998,693	2,627,561
Total Current Assets	<u>3,298,577</u>	<u>2,107,748</u>	<u>2,862,029</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,298,577</u></u>	<u><u>\$ 2,107,748</u></u>	<u><u>\$ 2,862,029</u></u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 127,470	\$ 58,121	\$ 79,356
Accrued Liabilities	9,704	13,346	17,608
Other Liabilities			16,595
Total Liabilities	<u>137,174</u>	<u>71,467</u>	<u>113,559</u>
<b>FUND BALANCE</b>			
Nonspendable	\$ 142,987	\$ 70,453	\$ 154,460
Restricted Fund Balance	3,121,042	1,998,693	2,627,561
Unassigned Fund Balance	(102,266)	(32,865)	(33,551)
Total Fund Balances	<u>3,161,763</u>	<u>2,036,281</u>	<u>2,748,470</u>
<b>TOTAL LIABILITES AND FUND BALANCE</b>	<u><u>\$ 3,298,937</u></u>	<u><u>\$ 2,107,748</u></u>	<u><u>\$ 2,862,029</u></u>

Note: This schedule is not audited.

Source: Audited Financial Statements (2014-2016)

## BUDGET SUMMARIES

	<u>2016</u>	<u>2017</u>
Revenues		
Real Property Taxes	\$ 4,798,403	\$ 4,838,796
	<u>\$ 4,798,403</u>	<u>\$ 4,838,796</u>
Expenditures		
Personal Services	\$ 946,812	1,003,288
Contractual Expenditures	1,162,600	
Equipment	129,200	133,000
Administrative		97,000
Utilities	701,500	656,000
Travel & Fire Fighter's Expenses		223,500
Maintenance - Equipment & Apparatus		174,940
Maintenance - Buildings & Property		150,700
Employee Benefits & Insurance	866,568	1,396,642
Debt Service	390,724	230,513
Miscellaneous	1,000	173,214
Transfer To Reserve Funds	<u>600,000</u>	<u>600,000</u>
Total Expenditures	<u>\$ 4,798,403</u>	<u>\$ 4,838,796</u>

Source: Adopted Budgets of the Fire District.

**BALDWIN FIRE DISTRICT**

**APPENDIX B**

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

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

**BALDWIN FIRE DISTRICT  
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Robert S. Abrams  
(1926-2014)

Marianne E. Van Duyne, CPA  
Alexandria M. Battaglia, CPA

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners  
Baldwin Fire District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Baldwin Fire District, which comprise the balance sheet of the general fund and account groups, and the balance sheet - fiduciary fund as of December 31, 2016, and the related statement of revenues, expenditures and changes in fund balances-general fund for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the State of New York Uniform System of Accounts for Fire Districts. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

### ***Auditor's Responsibility***

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

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

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

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

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

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### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balances of the general fund and account groups, and the fiduciary fund as of December 31, 2016, and the respective revenues, expenditures and changes in fund balances-general fund for the year then ended, in accordance with the financial reporting provisions of the State of New York Uniform System of Accounts for Fire Districts as described in Note 1.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Baldwin Fire District's financial statements. The Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund - Operating is presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund - Operating is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund - Operating is fairly stated in all material respects in relation to the financial statements as a whole on the regulatory basis of accounting as described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2017 on our consideration of Baldwin Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Baldwin Fire District's internal control over financial reporting and compliance.

*R.S. Abrams & Co., LLP*

R.S. Abrams & Co., LLP  
Islandia, New York  
June 13, 2017



**BALDWIN FIRE DISTRICT**  
**BALANCE SHEET - GENERAL FUND AND ACCOUNT GROUPS (Regulatory Basis)**  
**DECEMBER 31, 2016**

	<b>Governmental Funds</b>		<b>Account Groups - Non Current</b>		<b>Total</b>
	<b>General Fund</b>		<b>Assets</b>	<b>Liabilities</b>	
	<b>Operating</b>	<b>Capital Reserve</b>	<b>and Deferred Outflows</b>	<b>and Deferred Inflows</b>	
<b>Assets and Deferred Outflows of Resources</b>					
<b>Assets</b>					
Cash					
Unrestricted	\$ 80,008				\$ 80,008
Restricted	2,627,561	\$ 34,489			2,662,050
Prepaid expenses	154,460				154,460
Due from other funds		16,595			16,595
Capital assets			\$ 9,490,537		9,490,537
Amounts to be provided for in future budgets				\$ 1,543,568	1,543,568
<b>Total Assets</b>	<b>2,862,029</b>	<b>51,084</b>	<b>9,490,537</b>	<b>1,543,568</b>	<b>13,947,218</b>
Deferred outflows of resources - pensions			450,495		450,495
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,862,029</b>	<b>\$ 51,084</b>	<b>\$ 9,941,032</b>	<b>\$ 1,543,568</b>	<b>\$ 14,397,713</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 79,356	\$ 16,595			\$ 95,951
Due to other funds	16,595				16,595
Accrued liabilities	17,608				17,608
Compensated absences payable				\$ 405,423	405,423
Bonds payable				225,000	225,000
Net pension liability - proportionate share				371,298	371,298
Capital leases				497,836	497,836
<b>Total Liabilities</b>	<b>113,559</b>	<b>16,595</b>	<b>-</b>	<b>1,499,557</b>	<b>1,629,711</b>
Deferred inflows of resources - pensions				44,011	44,011
<b>Fund Balances (Deficit)</b>					
Investment in capital assets and pensions			\$ 9,941,032		9,941,032
Nonspendable	154,460				154,460
Restricted					
Apparatus and equipment	1,544,306				1,544,306
Construction and repair	880,397	34,489			914,886
Real property	82,858				82,858
Employee benefit accrued liability	120,000				120,000
Unassigned	(33,551)				(33,551)
<b>Total Fund Balances</b>	<b>2,748,470</b>	<b>34,489</b>	<b>9,941,032</b>	<b>-</b>	<b>12,723,991</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 2,862,029</b>	<b>\$ 51,084</b>	<b>\$ 9,941,032</b>	<b>\$ 1,543,568</b>	<b>\$ 14,397,713</b>

**BALDWIN FIRE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - GENERAL FUND (Regulatory Basis)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Governmental Funds</u>		
	<u>General Fund</u>		<u>Total</u>
	<u>Operating</u>	<u>Capital Reserve</u>	<u>Governmental Funds</u>
<b>Revenues</b>			
Real property taxes	\$ 4,634,273		\$ 4,634,273
PILOT payments	176,333		176,333
Interest and earnings	835		835
Insurance recoveries	28,013		28,013
Rentals	131,225		131,225
Sale of equipment	4,000		4,000
State aid and grants	59,970		59,970
<b>Total Revenues</b>	<u>5,034,649</u>	<u>-</u>	<u>5,034,649</u>
<b>Expenditures</b>			
Personal services	961,879		961,879
Equipment and capital outlay	184,057	\$ 609,148	793,205
Contractual expenditures	1,388,647		1,388,647
Debt service - principal	360,129		360,129
Debt service - interest	30,595		30,595
Service awards	349,135		349,135
Employee benefits	956,239		956,239
<b>Total Expenditures</b>	<u>4,230,681</u>	<u>609,148</u>	<u>4,839,829</u>
<b>Other Financing Sources (Uses)</b>			
Operating transfers in	81,364	173,143	254,507
Operating transfer out	(173,143)	(81,364)	(254,507)
<b>Total Other Financing Sources (Uses)</b>	<u>(91,779)</u>	<u>91,779</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>712,189</u>	<u>(517,369)</u>	<u>194,820</u>
<b>Fund Balances - Beginning of Year</b>	<u>2,036,281</u>	<u>551,858</u>	<u>2,588,139</u>
<b>Fund Balances - End of Year</b>	<u>\$ 2,748,470</u>	<u>\$ 34,489</u>	<u>\$ 2,782,959</u>

**BALDWIN FIRE DISTRICT**  
**BALANCE SHEET - FIDUCIARY FUND**  
**DECEMBER 31, 2016**

	<u>Trust &amp; Agency</u>
<b>Assets</b>	
Service award program assets	\$ 4,348,443
<b>Total Assets</b>	<u>\$ 4,348,443</u>
<b>Liabilities</b>	
Service awards	\$ 4,348,443
<b>Total Liabilities</b>	<u>\$ 4,348,443</u>



**BALDWIN FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2016

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Baldwin Fire District (the "District"), as of and for the year ended December 31, 2016, have been prepared using accounting practices prescribed and permitted by the State of New York Uniform System of Accounts for Fire Districts, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The financial statements of the District have been prepared using the modified accrual basis of accounting. This method differs from GAAP, which requires the preparation of additional financial statements using the accrual basis of accounting. The accrual basis financial statements require the capitalization and depreciation of property and equipment and the recording of long-term liabilities. Under the modified accrual basis of accounting, property and equipment are recorded as expenditures when purchased and long-term liabilities are recognized to the extent that the liabilities mature during the year. In addition, GAAP requires the financial statements to be prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. GASB Statement No. 34 financial statements require the presentation of government-wide financial statements and management's discussion and analysis. The accounting practices used by the District to prepare these financial statements do not require compliance with GASB Statement No. 34.

The significant accounting policies of the District are described below:

**A. Financial Reporting Entity**

The District was founded in 1896. The Board of Commissioners (the "Board") is the legislative body responsible for the overall operations of the District. The Chairman serves as chief executive officer and the Treasurer serves as chief fiscal officer. The primary function of the District is to provide fire-protection, rescue and emergency services to the local community. Fire prevention and public education support the primary function.

The financial reporting entity includes all funds, functions and organizations over which the District's Board exercises oversight responsibility. No other governmental organizations have been included or excluded from the financial reporting entity.

**B. Basis of Presentation – Fund Accounting**

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

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

**1. Fund Categories**

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



**BALDWIN FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

*General Operating Fund* – The general fund is the primary operating fund of the District. It accounts for all financial transactions that are not required to be accounted for in another fund.

*General Capital Reserve Fund* – The capital reserve fund is used to account for the financial resources used for acquisition, construction or major repair, of capital facilities.

- b. **Fiduciary Funds** – Fiduciary funds are used to account for assets held by the District in a trustee or custodial capacity.

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

- c. **Account Groups** – Account groups are used to establish accounting control and accountability for the Districts' capital assets, pension items and long-term obligations. The two account groups are not 'funds'. They are accounting entities, not fiscal entities, and are concerned only with the measurement of financial position, and not with the results of operations.

*Noncurrent Assets and Deferred Outflows Account Group* – The noncurrent assets and deferred outflows account group is used to account for land, buildings, improvements and equipment owned by the District. Deferred outflows of resources relates to the employees' retirement system pension. This represents the differences between expected and actual experience, changes of assumptions, the net difference between projected and actual investment earnings on pension plan investments, changes in proportion and differences between employer contribution and proportionate share of contributions and the District's contributions made subsequent to the measurement date.

*Noncurrent Liabilities and Deferred Inflows Account Group* – The noncurrent liabilities and deferred inflows account group is used to account for all long-term debt and other obligations of the District. Deferred inflows of resources relates to the employees' retirement system pension. This represents the differences between expected and actual experience.

**C. Basis of Accounting/Measurement Focus**

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured (i.e. expenditures or expenses). All governmental funds are accounted for using a current financial resources focus. With this measurement focus, only current assets and current liabilities are included on the balance sheet. Operating statements present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

**Modified Accrual Basis (Regulatory Basis)** – All governmental funds are accounted for using the modified accrual basis of accounting using the current financial resources measurement focus in accordance with the New York State Uniform System of Accounts (USA) for Fire Districts.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current

**BALDWIN FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

period. Revenues are considered to be available if collected within 60 days after the end of the calendar year.

Expenditures are recorded when the related fund liability is incurred except that expenditures for prepaid expenses and inventory-type items are recognized at the time the goods and services are consumed, and principal and interest on indebtedness and compensated absences, such as vacation and sick leave which vests or accumulates, are not recognized as expenditures until due and payable.

**D. Real Property Taxes**

Real property taxes are levied annually by the District no later than November 1<sup>st</sup> and become a lien on December 1<sup>st</sup>. The District's tax levy is collected by the Town of Hempstead and remitted to the District. The county of Nassau is responsible for all uncollected taxes.

**E. Budgetary Data**

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

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

Budgets are adopted on the basis of the financial reporting provisions of the State of New York.

**F. Interfund Transactions**

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing and other services.

Refer to Note 6 for a detailed disclosure of interfund transactions.

**G. Use of Estimates**

The preparation of financial statements in accordance with the financial reporting provisions of the State of New York Uniform System of Accounts for Fire Districts requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements and notes thereto. Accordingly, actual results could differ from those estimates.

**H. Cash**

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

**I. Prepaid Expenses**

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



**BALDWIN FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2016

**J. Restricted Assets**

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

**K. Due to/from Other Funds**

The amounts reported on the Balance Sheet – General Fund and Account Groups for due to and due from other funds represent amounts due between different governmental fund types. A detailed description of the individual fund balances at year end is proved subsequently in these notes.

**L. Capital Assets**

The District defines capital assets as assets with an initial, individual cost of more than \$500. Such assets are recorded at historical costs or estimated historical costs. Donated capital assets are recorded at estimated fair value at the date of donation.

**M. Deferred Outflows/Inflows of Resources**

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

**N. Employee Benefits - Compensated Absences**

Compensated absences consist of unpaid accumulated annual sick and vacation time. Sick and vacation leave eligibility and accumulation are specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick and vacation leave.

**O. Employee Benefits – Pension Plans**

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

Eligible volunteer firefighters participate in the District sponsored Length of Service Award Program.

**P. Other Post-employment Benefits**

In addition to providing pension benefits, the District provides health and life insurance coverage and survivor benefits for retired employees and their survivors. Healthcare benefits and survivor's benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The District recognizes the costs of providing benefits by recording its share of health and life insurance premiums as expenditures in the year paid.

**Q. Accrued Liabilities and Long-Term Obligations**

The liabilities reported in the long-term liabilities and deferred inflows account group represent the

**BALDWIN FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

District's liability for serial bonds payable, capital leases, compensated absences, and net pension liability – proportionate share.

**R. Fund Balance**

**1. Classifications:**

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

- a. **Nonspendable fund balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the prepaid expenses in the general operating fund of \$154,460.
- b. **Restricted fund balance** – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Restricted fund balances, generally referred to as reserves in accordance with New York State Law, are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. These reserve funds are established through Board action or voter approval and a separate identity must be maintained for each reserve. Fund balance reserve currently in use by the District include the following:

**Capital Reserves**

A capital reserve (General Municipal Law Section 6-g) is used to finance all or part of the costs of construction, reconstruction or acquisition of "specific" or "type" capital improvements or equipment. Prior to January 1, 2007, establishment of a capital reserve required action (resolution) of the Board. Effective January 1, 2007, the establishment of any capital reserve is subject to mandatory referendum (voter approval). Expenditures from a "specific" reserve require a resolution by the Board. Expenditures from a "type" reserve require a resolution by the Board, subject to a permissive referendum. The reserve is accounted for in the operating fund and capital reserve fund, of the general fund.

- c. **Committed fund balance** – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority (i.e., Board of Commissioners). The District has no committed fund balances as of December 31, 2016.
- d. **Assigned fund balance** – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund. The District has no assigned fund balances as of December 31, 2016.
- e. **Unassigned fund balance** – Includes the residual classification for the District's general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

**2. Fund Balance Deficit**

As of December 31, 2016, the general fund has an unassigned fund balance deficit of \$33,551. The



**BALDWIN FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2016

unassigned fund balance deficit in the general fund is a result of prepaid expenditures classified as nonspendable fund balance therefore decreasing the unassigned fund balance.

**3. Order of Use of Fund Balance**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance are available, the District's policy is to consider restricted funds to have been spent first. When an expenditures is incurred for which committed, assigned or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

**(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets**

The District administration prepares a proposed budget for approval by the Board for the general operating fund, the only fund with a legally adopted budget. Appropriations are adopted at the program line item level.

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

A summary of the general operating fund budget is as follows:

Budget approved by the Board of Fire Commissioners	\$ 4,798,403
Transfers to capital projects fund for current year permissive referendums	173,143
Budget revisions	<u>52,697</u>
Final budget	<u>\$ 5,024,243</u>

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

**(3) DEPOSITS WITH FINANCIAL INSTITUTIONS, INVESTMENTS AND CREDIT RISK**

The District's investment policies are governed by New York State statutes. In addition, the District has its own written investment policy. District monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within New York State. The Treasurer is authorized to use demand deposit accounts, money market accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

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*", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

**BALDWIN FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2016

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

None of the District's aggregate bank balances, not covered by depository insurance, were exposed to custodial credit risk as described above at year end.

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

Restricted Cash

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at December 31, 2016 included \$2,662,050 within the general fund.

**(4) CAPITAL ASSETS**

Capital assets are summarized below:

	<u>Beginning</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending</u>
Capital Assets	\$ 21,092,528	\$ (21,092,528)			\$ -
Land		251,331			251,331
Building & Building Improvements		1,440,213	\$ 46,526		1,486,739
Equipment	1,855,913	5,747,323	177,612	\$ (28,381)	7,752,467
Total Capital Assets	<u>\$ 22,948,441</u>	<u>\$ (13,653,661)</u>	<u>\$ 224,138</u>	<u>\$ (28,381)</u>	<u>\$ 9,490,537</u>

Capital assets are reported in total in the capital asset account group. The District had a capital asset appraisal performed in the current year. Adjustments have been made to reconcile to the capital asset appraisal report.



**BALDWIN FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2016

**(5) CAPITAL RESERVES**

Activity for the general fund capital reserves for the year ended December 31, 2016 is as follows:

	Apparatus and Equipment Reserve	Construction and Repair Reserve	Real Property Reserve	Total
Reserve Balance - Beginning of Year	\$ 1,360,391	\$ 555,466	\$ 82,836	\$ 1,998,693
Additions to Reserve:				
Interest	355	270	22	647
Board approved transfers:				
Planned budgeted increase	300,000	300,000		600,000
Transfer from capital reserve fund for completed permissive referendums	26,703	54,661		81,364
Use of Reserve				
Transfer to capital reserve fund for approved permissive referendums	(143,143)	(30,000)		(173,143)
Reserve Balance - End of Year	<u>\$ 1,544,306</u>	<u>\$ 880,397</u>	<u>\$ 82,858</u>	<u>\$ 2,507,561</u>

**(6) INTERFUND TRANSACTIONS**

Interfund balances at December 31, 2016, are as follows:

	Receivables	Payables	Transfers In	Transfers Out
General operating fund		\$ 16,594	\$ 81,364	\$ 173,143
Capital reserve fund	\$ 16,594		173,143	81,364
Total	<u>\$ 16,594</u>	<u>\$ 16,594</u>	<u>\$ 254,507</u>	<u>\$ 254,507</u>

The District transfers funds from the operating fund to the capital reserve fund in accordance with permissive referendums approved throughout the year.

Transfers from the capital reserve fund to the operating fund represent remaining unspent permissive referendum amounts for completed capital projects.

**BALDWIN FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2016

**(7) LONG-TERM LIABILITIES**

Long-term liability balances and activity for the year ended December 31, 2016 are summarized below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$ 450,000		\$ 225,000	\$ 225,000	\$ 225,000
Compensated absences	370,597	\$ 34,826		405,423	
Net pension liability - proportionate share		486,827	115,529	371,298	
Capital leases	632,965		135,129	497,836	138,323
Total other liabilities	1,003,562	521,653	250,658	1,274,557	138,323
Total long-term liabilities	<u>\$1,453,562.00</u>	<u>\$ 521,653.00</u>	<u>\$ 475,658.00</u>	<u>\$1,499,557.00</u>	<u>\$ 363,323.00</u>

The general fund has typically been used to liquidate long-term liabilities such as bonds payable, compensated absences, net pension liability-proportionate share and capital leases.

Existing bond obligations are comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Headquarters additions and renovations	June 15, 2001	June 15, 2017	4.5 - 4.9%	<u>\$ 225,000</u>

The following is a summary of debt service requirements for bonds payable:

Year Ended December 31,	Principal	Interest	Total
2017	\$ 225,000	\$ 5,512	\$ 230,512
	<u>\$ 225,000</u>	<u>\$ 5,512</u>	<u>\$ 230,512</u>

The capital lease is for a fire apparatus. The following is a summary of obligations under capital leases:

Year Ended December 31,	Principal	Interest	Total
2017	\$ 138,323	\$ 10,891	\$ 149,214
2018	141,593	7,622	149,215
2019	144,940	4,275	149,215
2020	72,980		72,980
	<u>\$ 497,836</u>	<u>\$ 22,788</u>	<u>\$ 520,624</u>

**BALDWIN FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2016

Interest on long-term debt for the year was composed of:

	<u>Total</u>
Interest on bonds payable	\$ 16,510
Interest on capital leases	<u>14,085</u>
Total interest expense	<u>\$ 30,595</u>

**(8) PENSION PLANS**

**A. General Information**

The District participates in the New York State and Local Employees' Retirement System (the "System"). It is a cost-sharing multiple employer public employee retirement system. The System offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

**B. Provisions and Administration**

The System provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute, and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street Albany, NY 12244.

**C. Funding Policies**

The System is noncontributory for employees who joined prior to July 27, 1976. Those who joined the System after July 27, 1976, and prior to January 1, 2010 with less than ten years of credited service are required to contribute 3% of their salary. Employees who joined after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary throughout their active memberships. Employees who joined on or after April 1, 2012 are required to contribute 3% of their salary through March 31, 2013 and between 3% and 6%, depending upon their salary, for their entire working career. The Comptroller certifies the rates expressed as proportions of members' payroll annually which are used in computing the contributions required to be made by employers to the pension accumulation fund.

The District is required to contribute at an actuarially determined rate. The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>NYSERS</u>
2016	\$ 115,529
2015	\$ 135,398
2014	\$ 133,470

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

At December 31, 2016 the District reported a liability of \$371,298 for its proportionate share of



**BALDWIN FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2016

net pension liability in the Noncurrent Liabilities and Deferred Inflows Account Group. The net pension liability was measured as of March 31, 2016, and the total pension liability was determined by an actuarial valuation as of April 1, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2016 the District's proportion was .0023133%. For the year ended December 31, 2016 the District recognized pension expenditures of \$115,529. The District made a contribution subsequent to the measurement date in the amount of \$108,509; under a GAAP presentation \$81,382 of this payment would be considered a deferred outflow of resources and \$27,127 would be a prepaid expense. However, under the modified accrual basis of accounting \$81,382 of this payment was expensed and \$27,127 was recorded as a prepaid expense in the general fund. The prior year's prepaid expenditure of \$34,148 was also expensed in the current year.

At December 31, 2016 the District reported deferred outflows of resources and deferred inflows related to pension from the following sources:

	Account Groupings	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 1,876	\$ 44,011
Changes of Assumptions	99,014	
Net difference between projected and actual investment earnings on pension plan investments	220,275	
Changes in proportion and differences between employer contribution and proportionate share of contributions	47,948	
District's contributions subsequent to the measurement date	81,382	
Total long-term liabilities	<u>\$ 450,495</u>	<u>\$ 44,011</u>

**(9) POST-EMPLOYMENT BENEFITS**

The District provides post employment health and life insurance coverage to retired employees in accordance with the provisions of various employment contracts.

The District recognizes the cost of providing health and life insurance annually as expenditures in the general fund as payments are incurred. For the year ended December 31, 2016, the District recognized \$68,441 for its share of health insurance premiums and \$13,584 for life insurance premiums for 4 retirees.

**(10) LENGTH OF SERVICE AWARDS PROGRAM – LOSAP**

The District established a defined benefit LOSAP for the active volunteer firefighters of the Baldwin Fire Department. The program took effect on January 1, 1991. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded pension like benefits to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The District is the sponsor of the program. The information contained in this note is based on information for the Length of Service Award Program for the plan year ending on December 31, 2016, which is the most recent plan year for which complete information is available.



**BALDWIN FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2016

**A. Program Description**

**1. Participation, Vesting and Service Credit**

Active volunteer firefighters who have reached the age of 18 and who have completed 1 year of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to a service award after being credited with 5 years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is age 62. 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.

**2. 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. Benefits are not payable until age 62. On and after that date, except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandated death and disability benefits. The program also provides optional line-of-duty disability benefits in the amount of the participant's full vested benefit, and optional line-of-duty death benefits in the amount of \$10,000.

**3. Fiduciary Investment and Control**

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

The governing board of the sponsor has retained and designated Standard Security Life Insurance Co. of NY to assist in the administration of the program. The designated program administrator's functions include providing actuarial services, future funding requirements, and annual individual statements to plan participants. Disbursements of program assets for the payment of benefits or administrative expenses must be approved by the Commissioners of the District.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The trust agreement is dated January 1, 1991, and the trustee is Unity Mutual Life Insurance Co.

Authority to invest program assets is vested in the Commissioners of the District. Subject to restrictions in the program document, program assets are invested in accordance with a statutory "prudent person" rule. The program document provides for the purchase of fixed rate life annuity contracts.

**BALDWIN FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2016

The sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the sponsor for this purpose is BPAS Actuarial and Pension Services, LLC. Portions of the following information are derived from a report prepared by the actuary dated March 2017.

**B. Program Financial Condition**

**1. Assets and Liabilities**

Actuarial Present Value of Accrued Services as of December 31, 2016	\$ 5,339,093
Less: Assets Available for Benefits	
Insurance contracts	<div style="display: flex; justify-content: space-between;"> <div> <div style="text-align: right;">% of total</div> <div style="text-align: right;">100%</div> </div> <div> <div style="text-align: right;">4,348,443</div> </div> </div>
Less: Liabilities	-0-
Total Net Assets Available for Benefits	<u>4,348,443</u>
Total Unfunded Benefits - Current	<u>990,650</u>
Less: Unfunded Liability for Prior Service	<u>(990,650)</u>
Unfunded Normal Benefits	<u><u>\$ -</u></u>

**2. Prior Service Costs**

Prior service costs are being amortized over a range of 10 to 16 years at a discount rate of 4.75%.

**3. Receipts and Disbursements**

Plan Net Assets, beginning of year	\$ 4,457,572
Changes during the year:	
+ Plan contributions	349,135
+ Investment income earned	162,315
- Realized losses	(236)
+ Unrealized gains	7,194
- Plan benefit withdrawals	(619,696)
- Administrative and other fees/charges	<u>(7,841)</u>
Plan Net Assets, end of year	<u><u>\$ 4,348,443</u></u>



**BALDWIN FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2016**

**4. Contributions**

Amount of District's contribution recommended by actuary:	\$ 364,733 - \$ 398,227
Amount of District's actual contribution:	\$ 349,135

**5. Administration Fees**

Fees paid to designated program administrator:	\$ 7,841
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**C. Funding Methodology and Actuarial Assumptions**

**1. Normal Costs**

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

Assumed rate of return on investment: 4.75% compounded annually

**Mortality tables used for:**

Withdrawal	None
Disability	None
Pre-retirement	None
Post-retirement	
Within 1 year	1983 GAM (Unisex)
More than 10 years	RP 2000 (Unisex)
2 to 10 years	Graded phase-in between the two
Death (actives)	None
Death (inactive)	None

**(11) RISK MANAGEMENT**

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

**(12) COMMITMENTS AND CONTINGENCIES**

The District is involved in lawsuits arising from the normal conduct of its affairs. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. However, it is not possible to determine the District's potential exposure, if any, at this time.

**(13) SUBSEQUENT EVENTS**

Management has evaluated the activity of the District through June 13, 2017 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.

**BALDWIN FIRE DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND - OPERATING (Regulatory Basis)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Revenues</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>REVENUES</u></b>				
Real property taxes	\$ 4,798,403	\$ 4,798,403	\$ 4,634,273	\$ (164,130)
PILOT payments			176,333	176,333
Interest and earnings			835	835
Insurance recoveries			28,013	28,013
Rentals			131,225	131,225
Sale of equipment			4,000	4,000
State aid and grants		52,697	59,970	7,273
Total Revenues	4,798,403	4,851,100	5,034,649	183,549
<b><u>OTHER FINANCING SOURCES</u></b>				
Operating transfers in			81,364	81,364
Total Revenues and Other Financing Sources Carried Forward	\$ 4,798,403	\$ 4,851,100	\$ 5,116,013	\$ 264,913
Appropriated reserves		173,143		
Total Revenues and Appropriated Reserves	<u>\$ 4,798,403</u>	<u>\$5,024,243</u>		



**BALDWIN FIRE DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND - OPERATING (Regulatory Basis)**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Total Revenues and Other Sources Brought Forward	\$ 4,798,403	\$5,024,243	\$ 5,116,013	\$ 264,913
<b>EXPENDITURES</b>				
Personal services	946,812	946,813	957,329	(10,516)
Standby	4,000	4,550	4,550	-
Apparatus and equipment	130,200	171,035	164,995	6,040
Fire alarm purchase	10,000	10,000		10,000
Building improvements	33,800	34,800	19,062	15,738
Office expenses	188,400	88,400	77,013	11,387
Dues	2,500	2,500	3,300	(800)
Uniforms	24,000	24,000	22,465	1,535
Drills and parades	95,000	128,000	103,220	24,780
Fire prevention and training	120,500	120,500	60,536	59,964
Elections	4,000	4,000	1,401	2,599
Printing	2,000	4,000	4,295	(295)
Electric, heat and water	140,000	140,000	116,630	23,370
Building maintenance	145,900	134,000	166,372	(32,372)
Repairs to apparatus	80,000	70,000	106,105	(36,105)
Gas, oil, grease	50,000	45,000	25,286	19,714
Hydrant rentals	425,000	425,000	429,481	(4,481)
Telephone services	61,500	61,739	60,309	1,430
Fire alarm maintenance	30,000	30,000	25,243	4,757
Insurance - property and liability	100,000	102,072	113,028	(10,956)
Legal and audit	70,000	70,000	73,963	(3,963)
Debt service - principal	374,214	374,214	360,129	14,085
Debt service - interest	16,509	16,509	30,595	(14,086)
State retirement	116,000	116,000	115,529	471
Service awards program	350,000	350,000	349,135	865
Payroll taxes	61,568	61,468	69,667	(8,199)
Worker's compensation	340,000	340,000	378,188	(38,188)
Insurance - other	-	100,000	94,475	5,525
Benefits-hospitalization	276,500	276,500	298,380	(21,880)
Total expenditures	4,198,403	4,251,100	4,230,681	\$ 20,419
<b>OTHER FINANCING USES</b>				
Planned increase to capital reserves	600,000	600,000		
Operating transfers to capital reserve fund pursuant to permissive referendum		173,143	173,143	
Total Expenditures and Other Uses	\$ 4,798,403	\$ 5,024,243	4,403,824	
Change in fund balance			712,189	
Fund balance - beginning of year			2,036,281	
Fund balance - end of year			\$ 2,748,470	

## **APPENDIX C**

### **FORM OF BOND COUNSEL OPINION**

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

September 26, 2017

The Board of Fire Commissioners of  
the Baldwin Fire District,  
in the Town of Hempstead,  
Nassau County, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Baldwin Fire District, in the Town of Hempstead, Nassau 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 \$1,600,000 Fire District Serial Bonds-2017 (the "Bonds"), dated and delivered on the date hereof.

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

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

1. The Bonds are valid and legally binding general obligations of the Fire District for which the Fire District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Fire District is subject to the levy of ad valorem real estate taxes to pay the Bonds and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations.

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

the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Bonds to become subject to federal income taxation retroactive to their date of issuance, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Bonds, the Fire District will execute a Tax Certificate with respect to the Bonds, containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the Fire District represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Bonds will, for federal income tax purposes, be excluded from gross income.

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

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

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

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

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

Very truly yours,

/s/ Hawkins Delafield & Wood LLP



## **APPENDIX D**

### **FORM OF CONTINUING DISCLOSURE UNDERTAKING**

## UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

### Section 1. Definitions

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

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

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

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

“Issuer” shall mean the Baldwin Fire District, in the Town of Hempstead, Nassau 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 September 13, 2017.

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

“Securities” shall mean the Issuer’s **\$1,600,000 Fire District Serial Bonds-2017**, dated September 26, 2017, maturing in various principal amounts on September 15 in each of the years 2018 to 2025, inclusive, and delivered on the date hereof.

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

- (i) no later than nine (9) months following the end of each fiscal year, commencing with the fiscal year ending December 31, 2017, the Annual Information relating to such fiscal year, together with audited financial statements of the Issuer for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be provided with the Annual Information no later than nine (9) months following the end of each fiscal year, and audited financial statements, if any, shall be delivered to the EMMA System within sixty (60) days after they become

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

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

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of

the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

(xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

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

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

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

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

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

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

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

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

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

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

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

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;

- (e) to modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or
- (f) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **September 26, 2017**.

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