

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 31, 2020

NEW ISSUE - SERIAL BONDS

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

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Fire District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code. 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.

**WALLKILL FIRE DISTRICT
IN THE TOWN OF SHAWANGUNK
ULSTER COUNTY, NEW YORK**
(the "Fire District")

\$5,600,000 FIRE DISTRICT SERIAL BONDS – 2020
(the "Bonds")

SEE BOND MATURITY SCHEDULE HEREIN

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

The Bonds maturing on September 15, 2028 and thereafter are subject to redemption prior to maturity, at the option of the Fire District, on September 15, 2027, and thereafter on any date, in accordance with terms described herein. (See "Optional Redemption" under "THE BONDS," herein.)

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

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

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

Proposals for the Bonds will be received at 11:00 A.M. (Prevailing Time) on September 16, 2020 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 29, 2020 in New York, New York.

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

**WALLKILL FIRE DISTRICT
IN THE TOWN OF SHAWANGUNK
ULSTER COUNTY, NEW YORK**

\$5,600,000 FIRE DISTRICT SERIAL BONDS – 2020

BOND MATURITY SCHEDULE

Dated: Date of Delivery

Principal Due: September 15, 2021-2050 inclusive
Interest Due: March 15, 2021, September 15, 2021 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>
\$ 125,000	2021			
120,000	2022			
125,000	2023			
130,000	2024			
130,000	2025			
135,000	2026			
140,000	2027			
145,000	2028**			
150,000	2029**			
155,000	2030**			
160,000	2031**			
165,000	2032**			
165,000	2033**			
170,000	2034**			
180,000	2035**			
185,000	2036**			
190,000	2037**			
195,000	2038**			
200,000	2039**			
205,000	2040**			
210,000	2041**			
220,000	2042**			
225,000	2043**			
230,000	2044**			
240,000	2045**			
245,000	2046**			
255,000	2047**			
260,000	2048**			
270,000	2049**			
275,000	2050**			

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

**Subject to redemption prior to maturity.

**WALLKILL FIRE DISTRICT
IN THE TOWN OF SHAWANGUNK
ULSTER COUNTY, NEW YORK**

P.O. Box 460
18 Central Avenue
Wallkill, New York 12589
Telephone: 845/895-3729

BOARD OF FIRE COMMISSIONERS

Michael D. Croce, Chairman

Board Members

Anne K. Barnhart
Andrew W. Harcher, III
Archie Reid
Craig Ross

Philip LaRocco, Secretary/Treasurer

FIRE DISTRICT ATTORNEY

George Lithco
Jacobowitz & Gubits

Frank Simeone
Kornfeld, Rew, Newman & Simeone

* * *

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

* * *

MUNICIPAL ADVISOR



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

E-mail: info@munistat.com
Website: <http://www.munistat.com>

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

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OFFICIAL STATEMENT
WALLKILL FIRE DISTRICT
IN THE TOWN OF SHAWANGUNK
ULSTER COUNTY, NEW YORK

\$5,600,000 FIRE DISTRICT SERIAL BONDS – 2020

This Official Statement and the appendices hereto present certain information relating to the Wallkill Fire District (the “Fire District”) in the Town of Shawangunk (the “Town”), in the County of Ulster, in the State of New York (the “County” and “State,” respectively) in connection with the sale of \$5,600,000 Fire District Serial Bonds – 2020 (the “Bonds”) of the Fire District.

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

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the Fire District’s overall economic situation and outlook (and all of the specific District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. See “*BONDHOLDERS RISKS AND MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND MUNICIPALITIES OF THE STATE*” herein.

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 2021 to 2050, inclusive, in the principal amounts as set forth on the inside cover page hereof. Interest on the Bonds will be payable on March 15, 2021, September 15, 2021 and semi-annually thereafter on March 15 and September 15 in each year to maturity.

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

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

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

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

The Fire District will act as Fiscal Agent for the Bonds issued in book-entry form. For those Bonds issued as certificated bonds, the purchaser will be, or named, Fiscal Agent. Fiscal Agent fees, if any, will be paid for by the purchaser. The Fire District's contact information is as follows: Philip LaRocco, Secretary/Treasurer, Wallkill Fire District in the Town of Shawangunk, PO Box 460, 18 Central Avenue, Wallkill, NY 12589, telephone number (845) 895-3729, email: plarocco@outlook.com.

Optional Redemption

The Bonds maturing on or before September 15, 2027 will not be subject to redemption prior to maturity. The Bonds maturing on September 15, 2028 and thereafter, will be subject to redemption prior to maturity, at the option of the Fire District, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), on any date on or after September 15, 2027, at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

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

Description of Book-Entry System

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Certificated Bonds

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

Authorization and Purpose for the Bonds

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Town Law and the Local Finance Law, and a bond resolution duly adopted by the Fire District Board of Commissioners on February 11, 2019, and approved as a proposition by a majority of the qualified voters of the Fire District voting thereon at the Special Election held on March 26, 2019, authorizing the issuance of bonds in the amount of \$5,600,000 and the expenditure of \$1,500,000 from a capital reserve fund, for the construction of a new fire station. The Bonds will finance the cost of the project.

Security and Source of Payment

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

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

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

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

REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

NO DEFAULT STATE

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

BANKRUPTCY

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

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

THE FIRE DISTRICT

Description

The Fire District is located in the Hamlet of Wallkill within the Town of Shawangunk, Ulster County, New York. Based upon assessed valuation, the Fire District encompasses 44.79% of the Town. Its current headquarters is located at 18 Central Avenue, Wallkill, New York. The Fire District is predominantly residential, consisting primarily of single-family homes. Commercial business include Fair-Rite Corporation, Stewarts, Shops, a Sunoco gas station and convenience store and First Student Bus Corporation. Also included within the Fire District are three of the Wallkill Central School District buildings - Ostrander Elementary School, John G. Borden Middle School, and the Wallkill Senior High School.

Utilities and Other Services

Electricity and natural gas services are supplied by Central Hudson. Water is supplied by the Town of Shawangunk. Police protections is also provided by the Town.

Form of Government

The Fire District is governed by a five (5) member Board of Fire Commissioners who are elected to five (5) year terms on a staggered basis. The Chairman of the Board is elected by the Commissioners at the Organizational Meeting held each year within the first fifteen days in January and at such time a Secretary and a Treasurer are appointed by the Board. Currently, the Secretary and Treasurer are roles being held by the same individual. A volunteer force of approximately 45 active members is responsible for the operation of the equipment and apparatus.

Income Data

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

	<u>Per Capita Money Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2018^a</u>
Town of Shawangunk	\$12,731	\$19,402	\$26,038	\$30,820
County of Ulster	14,921	20,842	28,532	33,879
State of New York	16,501	23,389	30,948	37,470

	<u>Median Household Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2018^a</u>
Town of Shawangunk	\$37,966	\$52,366	\$78,740	\$83,430
County of Ulster	34,033	42,551	56,434	63,348
State of New York	39,741	51,691	67,405	65,323

Source: United States Bureau of the Census

a. Based on American Community Survey 1-Year Estimates (2018)

Unemployment Rates

<u>Annual Averages:</u>	<u>Ulster County (%)</u>	<u>New York State (%)</u>
2015	4.9	5.3
2016	4.3	4.9
2017	4.6	4.7
2018	3.9	4.1
2019	3.8	4.0
2020 (6 month average)	8.2	10.8

Source: Department of Labor, State of New York

Selected Listing of Larger Employers in the Town of Shawangunk
(As of 2019)

<u>Name</u>	<u>Type</u>	<u>Approx. No. of Employees</u>
Pine Bush CSD	School	949
Valley CSD	School	787
Wallkill CSD	School	506
Wallkill Correctional	Prison	500
Fair-Rite	Lighting Factory	150
Catsmo Fish Smokery	Food Store	

Source: Town of Shawangunk Official Statement (2019).

INDEBTEDNESS OF THE FIRE DISTRICT

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

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

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

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

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

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

Statutory Procedure

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

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

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

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

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

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

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

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

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

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

Computation of Constitutional Debt Contracting Margin
(As of August 31, 2020)

<u>In Towns of:</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate (%)</u>	<u>Full Valuation</u>
Shawangunk (2020)	\$83,985,146	21.00	\$399,929,267
Debt Limit - 3% of Full Valuation			\$11,997,878
Inclusions:			
Outstanding Bonds			\$0
Bond Anticipation Notes			<u>0</u>
Total Indebtedness			<u>0</u>
Exclusions			<u>0</u>
Total Net Indebtedness			<u>0</u>
Net Debt Contracting Margin			<u><u>\$11,997,878</u></u>
Per Cent of Debt Contracting Margin Exhausted			0.00%

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

Details of Short-Term Indebtedness Outstanding

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

Outstanding Long-Term Bond Indebtedness

	<u>Fiscal Year Ending December 31:</u>				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt Outstanding End of Year:					
Bonds	\$0	\$0	\$0	\$0	\$0
BANs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Debt Outstanding	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Authorized but Unissued Debt

The Fire District has authorized but unissued debt in the amount of \$5,600,000 for the construction of a new fire station. The proceeds of the Bonds, together with capital reserve funds, will be used to pay the cost of this project.

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 Ulster	11/07/2019	0.50	\$ 571,890	\$ 532,345
Town of Shawangunk	05/15/2020	44.79	1,115,271	888,938
Wallkill CSD	04/29/2020	29.30	3,058,920	764,730
Totals			<u>\$4,746,081</u>	<u>\$12,996,502</u>

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

Debt Ratios (As of August 31, 2020)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage Of Full Value (%)^b</u>
Total Direct Debt	\$ 0	\$ 0	0.000
Net Direct Debt	0	0	0.000
Total Direct & Applicable Total Overlapping Debt	4,746,081	1,582	1.187
Net Direct & Applicable Net Overlapping Debt	12,996,502	4,332	3.250

a. The current estimated population of the Fire District is 3,000.

b. The 2019-2020 full valuation of taxable real property in the Fire District is \$399,929,267.

FINANCES OF THE FIRE DISTRICT

Financial Statements and Accounting Procedures

The Financial Statements of the Fire District are audited annually by an independent public accountant. For the fiscal year ending 2019, the audit was performed by the firm RBT CPAs, LLP. In addition, the Fire District also prepares an unaudited Annual Financial Report Update Document ("AUD") that is filed with the State annually. The AUD is not audited and is not prepared in accordance with GAAP. A copy of the audit for the fiscal year ending December 31, 2019 is attached hereto as Appendix B.

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

The Statements of Revenues, Expenditures and Changes in Fund Balances presented in Appendix A of this Statement are based on the Financial Statements for the 2015-2019 fiscal years.

Investment Policy

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

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

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

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

Service Award Program

The Fire District established a defined contribution Service Award Program (referred to as "LOSAP" – length of service award program – under Section 457(e)(11) of the Internal Revenue Code) effective January 1, 1992 for the active volunteer firefighter members of the Wallkill Fire Department. The program was established pursuant to Article 11-A of the New York State General Municipal Law. The program provides municipally-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The Wallkill Fire District is the sponsor of the program and Penflex is the program administrator.

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

In a defined contribution LOSAP, each Participant has an individual Program account. Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service are eligible to participate in the program. Each Participant's individual Program account is credited with a service award contribution as of the end of each year during which the volunteer met the requirements to earn a year of Service Award Program service credit. The Participant is paid his or her account balance upon attainment of the Entitlement Age. The Program's Entitlement Age is 55. The amount paid will vary depending upon the number of years of service credit earned by the volunteer and the investment income (less administrative and/or investment expenses not paid by the Program Sponsor) earned by the Program assets and allocated to the Participant's Program account.

Participants acquire a non-forfeitable right to be paid their Program account balance after earning credit for five (5) years of service, upon attaining the Program's Entitlement Age while an active volunteer, becoming totally and permanently disabled or dying while an active volunteer firefighter. An active volunteer firefighter earns a year of Service Award Program service credit for each calendar year after the establishment of the Program in which he or she accumulates fifty or more 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 Service Award Program credit for five (5) years of active volunteer firefighting service rendered prior to the establishment of the Program as an active volunteer firefighter member of the Wallkill Fire District.

The Fire District contributions to the LOSAP:

<u>Fiscal Year Ending</u> <u>December 31:</u>	<u>LOSAP</u>
2016	\$ 10,500
2017	11,152
2018	8,214
2019	5,243
2020	10,898

Employee Pension System

Substantially all employees of the Fire District are members of the New York State and Local Employees' Retirement System (the "Retirement System"). 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 Systems 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 for employees hired prior to January 1, 2010. 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 System. The Retirement System is 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 V, which is effective for new Retirement System employees hired after January 1, 2010 and before April 1, 2012. Retirement System employees in Tier V contribute 3% of their salaries and there is no provision for these contributions to cease for Tier V employees after a certain period of service. Additionally, on March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new Retirement System employees hired after April 1, 2012. The Tier VI 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 VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

It is anticipated that the employer contribution rate for the State's Retirement System in future years may be significantly higher than the minimum contribution rate established under applicable law. The Office of the New York State Comptroller has informed participating employers that due to the global economic crisis of 2008-2009, the rate of return of the pension fund experienced an unprecedented decline and consequently, for several years, contribution rates increased. The Employer Contribution Stabilization Program, signed into law on August 11, 2010 gives local governments the option to amortize a portion of annual pension costs. Amortizations are paid in equal installments over a ten-year period at an interest rate that is set annually. The interest rate for 2011 fiscal year was 5 percent. The interest rate for 2012 is 3.75 percent. Under such legislation, local governments and school districts that choose to amortize will be required to set aside and reserve funds for certain future rate increases. The legislation also authorizes local governments and school district to establish reserve accounts to fund future payment increases that are a result of fluctuations in pension plan performance. The Fire District has no full-time employees. The Fire District has not amortized any payments to the Retirement System and has no plans to do so in the foreseeable future.

Budgetary Procedures

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

Revenues

The Fire District receives most of its revenue from a real property tax on all non-exempt real property situated within the Fire District. A summary of such revenues for the five most recently completed fiscal years and the amounts budgeted for 2020 may be found in Appendix A.

Real Property Taxes

See "Tax Information", herein.

Expenditures

A summary of such Expenditures for the five most recently completed fiscal years and the amounts budgeted for 2020 may be found in Appendix A.

TAX INFORMATION

Real Property Taxes

Methods and procedures to require the levy, collection and enforcement of this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the Fire District are prepared by the Town of Shawangunk. Assessment valuations are determined by the Town assessor and the State Office of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Office of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aid and are used by many localities in the calculation or debt contracting and real property taxing limitations. The Fire District is not subject to constitutional real property taxing limitations. However, the Tax Levy Limit Law imposes a statutory limitation on the Fire District's power to increase its annual tax levy. As a result, the power of the Fire District to levy real estate taxes on all the taxable real property within the Fire District is subject to statutory limitations set forth in Tax Levy Limit Law.

The following table sets forth the percentage of the Fire District's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2015 through 2019, inclusive and the amounts budgeted for the 2020 fiscal year.

<u>Fiscal Year Ending</u> <u>December 31:</u>	<u>Total Revenue</u>	<u>Real Property</u> <u>Taxes</u>	<u>Real Property</u> <u>Taxes to</u> <u>Revenues (%)</u>
2015	\$771,663	\$531,474	68.87
2016	534,489	531,474	99.44
2017	532,399	531,474	99.83
2018	543,055	531,474	97.87
2019	566,277	531,474	93.85
2020 (Budgeted)	562,474	531,474	94.49

Tax Collection Procedure

Real property taxes are levied by the Fire District but are collected by the Town and are due in January. According to the County Tax Code, the Town must remit fire taxes collected on behalf of the Fire District no later than the last day of the month in which the taxes are collected. In addition, the Town is obligated to pay the Fire District the full amount of its tax levy in each year. The Fire District is therefore guaranteed 100% of its real property tax during any fiscal year. Subsequently, the Town enforces unpaid fire taxes in the same manner as unpaid Town taxes.

Tax Levy Limit Law

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

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

Selected Listing of Large Taxable Properties Located in Town of Shawangunk
2019-20 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
State of New York	Taxable State Land	\$2,473,594
Blue Chip Farms	Horse Farm	1,728,275
Central Hudson	Utility	1,218,414
Frontier Comm.	Utility	913,464
NYSEG	Utility	643,651
Wallkill Federal	Bank	460,000
Hudson Valley Apts	Apartments	334,560
D. Richter	Industrial	247,000
1166 Route 208	Fruit Farm	152,960
Weiner Holdings	Industrial	148,000
Total ^a		<u><u>\$8,319,918</u></u>

a. Represents 9.91% of the 2019-20 Assessed Valuation of the Fire District.

LITIGATION

In common with other fire districts, the Fire District from time to time may receive notices of claim and is party to litigation. Currently, in the opinion of the Fire District attorney, unless other wise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or actions pending in which the Fire District has not asserted and/or has the ability to assert a substantial and adequate defense, if determined against the Fire District, would have a substantial adverse material effect on the financial condition of the Fire District

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

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

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

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

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

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the COVID-19 outbreak has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to continue to affect economic growth worldwide. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. Efforts to contain the spread of COVID-19 has reduced the spread of the virus in some areas and there have been recent efforts to relax some of the restrictions put in place following the initial outbreak. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State to address it are expected to negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State's operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact to the District's operations and finances as a result of COVID-19 is extremely difficult to predict due to the uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions have been or may continue to be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The spread of the outbreak or resurgence later in the year could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "*State Aid*" and "*Events Affecting New York School Districts*" herein).

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

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

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

CYBERSECURITY

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

TAX MATTERS

Opinion of Bond Counsel

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

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

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

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Bonds. In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Bonds.

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

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

Bond Premium

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

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

LEGAL MATTERS

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

DISCLOSURE UNDERTAKING

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

BOND RATING

The Fire District has applied to 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 reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from the respective rating agency. There can be no assurance that such rating will not be revised or withdrawn, if in the judgement of agency circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price and the availability of a secondary market for the outstanding bonds and notes of the Fire District.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the “Municipal Advisor”), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the Fire District on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has 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 Philip LaRocco, Secretary/Treasurer, Wallkill Fire District in the Town of Shawangunk, PO Box 460, 18 Central Avenue., Wallkill, NY 12589, telephone number (845) 895-3729, email: plarocco@outlook.com or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: <http://www.munistat.com>.

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

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

WALLKILL FIRE DISTRICT,
IN THE TOWN OF SHAWANGUNK, NEW YORK

By Philip LaRocco
Fire District Secretary/Treasurer and Chief Fiscal Officer
Wallkill Fire District, in the Town of Shawangunk
Wallkill, New York

September , 2020

APPENDIX A

FINIANCIAL INFORMATION

Statement of Revenues, Expenditures and Changes in Fund Balance

	Fiscal Year Ending December 31:				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues					
Real Property Taxes	\$ 531,474	\$ 531,474	\$ 531,474	\$ 531,474	\$ 531,474
Interest & Earnings	567	779	925	1,051	25,132
Sales of Equipment		1,036			3,333
Other	239,622	1,200			6,338
Insurance Recoveries				10,530	
Total Revenues	<u>771,663</u>	<u>534,489</u>	<u>532,399</u>	<u>543,055</u>	<u>566,277</u>
Expenditures					
Personal Services	14,103	13,952	14,040	15,781	16,042
Equipment & Capital Outlay	177,048	83,574	71,904	168,460	254,267
Contractual Expenditures	169,938	140,004	142,531	181,025	167,830
Local Pension Fund Contributions	14,141	14,325	15,091	12,132	9,081
Debt Principal		55,874			
Debt Interest		2,518			
Worker's Compensation	31,877	33,625	35,638	36,628	45,792
Total Expenditures	<u>407,107</u>	<u>343,872</u>	<u>279,204</u>	<u>414,026</u>	<u>493,012</u>
Transfers and Other Sources					
Transfers In	704,693	380,541	233,784	257,497	24,068
Transfers Out	(704,693)	(380,541)	(233,784)	(257,497)	(24,068)
Proceeds from Issance of Debt	55,874				
Total Operating Transfers	<u>55,874</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>420,430</u>	<u>190,617</u>	<u>253,195</u>	<u>129,029</u>	<u>73,265</u>
Fund Equity Beginning of Year	<u>602,456</u>	<u>1,022,886</u>	<u>1,213,502</u>	<u>1,466,697</u>	<u>1,595,727</u>
Prior Period Adjustments		(1)			(1)
Fund Equity End of Year	<u>\$ 1,022,886</u>	<u>\$ 1,213,502</u>	<u>\$ 1,466,697</u>	<u>\$ 1,595,727</u>	<u>\$ 1,668,991</u>

Note: This Schedule is not Audited.

Source: Audited Annual Financial Reports (2015-2019)

BALANCE SHEET
Fiscal Year Ended December 31, 2019

ASSETS:

Current Assets

Cash	\$ 12,267
Cash - Special Reserves	1,657,251
Other Receivables	289
Total Current Assets	<u>1,669,807</u>

TOTAL ASSETS	<u><u>1,669,807</u></u>
--------------	-------------------------

LIABILITIES

Accounts Payable	816
Other	
Total Liabilities	<u>816</u>

FUND BALANCES

Restricted Fund Balance	1,657,251
Assigned Fund Balance	0
Unassigned Fund Balance	11,740
Total Fund Balances	<u>1,668,991</u>

TOTAL LIABILITES AND FUND BALANCE	<u><u>\$ 1,669,807</u></u>
-----------------------------------	----------------------------

Note: This Schedule is not Audited.

Source: Audited Annual Financial Report (2019)

BUDGET SUMMARY

	<u>2020</u>
Revenues:	
Real Property Taxes	\$ 531,474
Interest & Earnings	<u>31,000</u>
	<u>\$ 562,474</u>
Expenditures	
Personal Services	\$ 23,850
Equipment and Capital Outlay	67,200
Judgement and Claims	162,620
Local Pension Fund	14,000
Social Security	1,200
Worker's Compensation	52,204
Transfer to Other Funds	<u>241,401</u>
Total Expenditures	<u>\$ 562,474</u>

Source: Adopted Budgets of the Fire District.

Financial Information
Assessed and Full Valuations

	<u>2016</u>		<u>2017</u>		<u>2018</u>		<u>2019</u>		<u>2020</u>	
Assessed Valuation	\$	81,663,406	\$	82,632,818	\$	82,891,512	\$	83,349,948	\$	83,985,146
Equalization Rates:		22.00%		22.25%		22.50%		21.78%		21.00%
Full Valuation:	\$	371,197,300	\$	371,383,452	\$	368,406,720	\$	382,690,303	\$	399,929,267
Total Tax Levy	\$	531,474	\$	531,474	\$	531,474	\$	531,474	\$	531,474
Tax Rate per \$1,000 of Assessed Valuation	\$	6.51	\$	6.43	\$	6.41	\$	6.38	\$	6.33

**WALLKILL FIRE DISTRICT
IN THE TOWN OF SHAWANGUNK**

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

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.

FINANCIAL REPORT
Audited
WALLKILL FIRE DISTRICT
December 31, 2019

Audited for:
Board of Fire Commissioners
Wallkill Fire District



Audited by:
RBT CPAs, LLP
11 Racquet Road
Newburgh, NY 12550
(845) 567-9000

WALLKILL FIRE DISTRICT

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Wallkill Fire District
18 Central Avenue
Wallkill, NY 12589

Report on the Financial Statements

We have audited the accompanying financial statements of the Wallkill Fire District, which comprise the balance sheet - modified accrual basis for each fund and account group as of December 31, 2019 and the related statements of results of operation and changes in fund balance - modified accrual basis and budgetary comparison - modified accrual basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified accrual basis of accounting as prescribed by New York State for the preparation of the Fire District's annual financial report; this includes determining that the modified accrual basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

rbtcpas.com

11 Racquet Road
Newburgh, NY 12550
T: (845) 567-9000
F: (845) 567-9228

2678 South Road, Suite 101
Poughkeepsie, NY 12601
T: (845) 485-5510
F: (845) 485-5547

P.O. Box 209
51 Sullivan Street
Wurtsboro, NY 12790
T: (845) 888-5656
F: (845) 888-2789

340 Madison Avenue
19th Floor
New York, NY 10173
T: (718) 772-0850
F: (718) 772-0851

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each fund and account group of the Wallkill Fire District as of December 31, 2019, and their respective results of operation and budgetary results for the year then ended, in conformity with the modified accrual basis of accounting described in Note I C.

Basis of Accounting

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

Emphasis of Matter

As discussed in Note IG of the financial statements, the spread of the global pandemic, corona virus disease (COVID-19), subsequent to year end has created economic uncertainty.

Other Matters

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 18, 2020, on our consideration of the Wallkill 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Wallkill Fire District's internal control over financial reporting and compliance.

Restriction on Use

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

RBT CPAs, LLP

Newburgh, NY
June 18, 2020

WALLKILL FIRE DISTRICT

SUPPLEMENTAL INFORMATION MANAGEMENT'S DISCUSSION AND ANALYSIS

The accompanying management discussion and analysis of the Wallkill Fire District's (the "District") financial performance has been prepared to provide an overview of the District's financial activities for the fiscal year ended December 31, 2019. This discussion and analysis is only an introduction and should be read in conjunction with the District's financial statements.

Requests For Information

This report is designed to provide an overview of the District's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Commissioners at the Wallkill Fire District, 18 Central Avenue, Wallkill, NY 12589.

Financial Highlights

- As of the close of the current fiscal year, the Wallkill Fire District's governmental funds reported an ending fund balance of \$1,668,991, an increase of \$73,265 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,740.
- Real Property taxes remained the same in 2019.

Overview of the Financial Statements

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

Financial Statements

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

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

Financial Analysis of the Wallkill Fire District Funds

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

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

The General Fund is the chief operating fund of the Wallkill Fire District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$11,740.

At December 31, 2019, the governmental funds of the Wallkill Fire District reported a combined fund balance of \$1,668,991, a 4.59 percent increase over last year.

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

Budgetary Highlights

Actual revenues were more than budgeted revenues by \$9,217 primarily due to refunds from prior year's expenditures. Actual expenditures were \$10,394 less than budgeted expenditures, primarily due to equipment and capital outlay.

WALLKILL FIRE DISTRICT

Capital Assets and Debt Administration

Capital Assets: The District's investment in capital assets as of December 31, 2019 totaled \$1,960,345. These assets include land, buildings, vehicles and equipment, and construction work in progress.

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

CONDENSED FINANCIAL INFORMATION

	2019	2018
Balance Sheet Information:		
Current Assets	\$ 1,669,807	\$ 1,636,145
LOSAP Assets	\$ 339,266	\$ 347,326
Capital Assets	\$ 1,960,345	\$ 1,766,024
Current Liabilities	\$ 816	\$ 40,419
Fund Balances:		
Restricted	\$ 1,657,251	\$ 1,608,597
Unassigned	\$ 11,740	\$ (12,871)
Statement of Operations:		
Revenue:		
Property Tax Revenue	\$ 531,474	\$ 531,474
Other Revenue	34,803	11,581
Total Revenue	566,277	543,055
Expenditures:		
Fire - Personal Service	16,042	15,781
Fire - Equipment and Capital Outlay	254,267	168,460
Fire - Contractual Expenditures	167,830	181,025
Local Pension Fund	9,081	12,132
Workers' Compensation	45,792	36,628
Total Expenditures	493,012	414,026
Change in Fund Balance	\$ 73,265	\$ 129,029

WALLKILL FIRE DISTRICT

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

As of December 31, 2019	Governmental Fund Type	Fiduciary Fund Type	Account Groups
	General	Agency	Non-Current Governmental Assets
ASSETS			
Assets:			
Cash	\$ 12,267	\$ -	\$ -
Cash, Special Reserves	1,657,251	-	-
Service Award Program Assets (Note II A)	-	339,266	-
Accounts Receivable	289	-	-
Capital Assets (Note II B)	-	-	1,960,345
Total Assets	\$ 1,669,807	\$ 339,266	\$ 1,960,345

LIABILITIES, FUND BALANCE AND OTHER CREDITS

Liabilities:			
Accounts Payable	\$ 816	\$ -	\$ -
Agency Liabilities	-	339,266	-
Total Liabilities	816	339,266	-
Fund Balance and Other Credits:			
Investment in Non-Current Governmental Assets	-	-	1,960,345
Restricted Fund Balance	1,657,251	-	-
Unassigned Fund Balance	11,740	-	-
Total Fund Balance and Other Credits	1,668,991	-	1,960,345
Total Liabilities, Fund Balance and Other Credits	\$ 1,669,807	\$ 339,266	\$ 1,960,345

See Notes to Financial Statements.

WALLKILL FIRE DISTRICT

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

For the Year Ended December 31, 2019	General
Revenues:	
Real Property Taxes	\$ 531,474
Interest and Earnings	25,132
Sales of Equipment	3,333
Refunds of Prior Year's Expenditures	6,338
Total Detail Revenues	566,277
Expenditures:	
Fire - Personal Service	16,042
Fire - Equipment and Capital Outlay	254,267
Fire - Contractual Expenditures	167,830
Local Pension Fund	9,081
Workers' Compensation	45,792
Total Detail Expenditures	493,012
Other Financing Sources/(Uses):	
Interfund Transfers In	24,068
Interfund Transfers Out	(24,068)
Total Detail Other Financing Sources/(Uses)	-
Changes in Fund Balance	73,265
Fund Balance - Beginning	1,595,726
Fund Balance - Ending	\$ 1,668,991

See Notes to Financial Statements.

WALLKILL FIRE DISTRICT

BUDGETARY COMPARISON STATEMENT - MODIFIED ACCRUAL BASIS GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019	Budgeted Amounts	Actual Amounts Modified Accrual Basis	Variance with Budget
GENERAL			
Revenues:			
Real Property Taxes	\$ 531,474	\$ 531,474	\$ -
Interest and Earnings	1,000	546	(454)
Sales of Equipment	-	3,333	3,333
Refunds of Prior Year's Expenditures	-	6,338	6,338
Total Detail Revenues	532,474	541,691	9,217
Expenditures:			
Fire - Personal Service	23,850	16,042	7,808
Fire - Equipment and Capital Outlay	289,146	254,267	34,879
Fire - Contractual Expenditures	130,618	167,830	(37,212)
Local Pension Fund	14,000	9,081	4,919
Workers' Compensation	45,792	45,792	-
Total Detail Expenditures	503,406	493,012	10,394
Other Financing Uses:			
Interfund Transfers Out	(29,068)	(24,068)	5,000
Total Detail Other Financing Uses	(29,068)	(24,068)	5,000
Changes in Fund Balance	-	24,611	24,611
General Fund Balance - Beginning	(12,871)	(12,871)	-
General Fund Balance - Ending	\$ (12,871)	\$ 11,740	\$ 24,611
RESERVE			
Revenues:			
Interest and Earnings	\$ -	\$ 24,586	\$ 24,586
Other Financing Sources:			
Interfund Transfers In	29,068	24,068	(5,000)
Total Detail Other Financing Sources	29,068	24,068	(5,000)
Changes in Fund Balance	29,068	48,654	19,586
Reserve Fund Balance - Beginning	1,608,597	1,608,597	-
Reserve Fund Balance - Ending	\$ 1,637,665	\$ 1,657,251	\$ 19,586

See Notes to Financial Statements.

WALLKILL FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Wallkill Fire District (the "District") was established in 1902 and is governed by the general laws of the State of New York (the "State"). The Board of Fire Commissioners is the legislative body responsible for overall operations.

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

A. ENTITY DEFINITION CRITERIA FOR FINANCIAL REPORTING PURPOSES

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

B. FUND ACCOUNTING

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

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

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

1. FUND TYPES:

- a. Governmental Fund Types - are those through which most general functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds.
 - i. General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.
 - ii. Reserve Fund - The Reserve Fund is designed to segregate resources to provide for future contingencies and plan for major capital outlays, thereby reducing the need to rely on borrowing or outlays of current revenue to finance such events. For financial reporting purposes, the Reserve Fund is included in the General Fund.
- b. Fiduciary Fund Types - are used to account for assets held by the District in a trustee or custodial capacity.
 - i. Agency Fund - The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

2. ACCOUNT GROUPS:

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

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

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

WALLKILL FIRE DISTRICT

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

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

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

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

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

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

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

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

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

D. BUDGETARY DATA

The District's budget policies are as follows:

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

E. ASSETS, LIABILITIES AND FUND BALANCE

Cash:

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

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

WALLKILL FIRE DISTRICT

Deposits: All deposits are carried at cost plus accrued interest. FDIC insurance covers up to \$250,000 per depositor, per insured bank for demand deposits and up to \$250,000 per depositor, per insured bank for cash in time deposits. Deposits with a bank balance of \$1,756,168 are categorized as follows to give an indication of the level of risk inherent therein at year-end.

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

	Bank Balance Categories			Totals
	1	2	3	
Cash and cash equivalents in banks	\$ 310,825	\$ 1,445,343	\$ -	\$ 1,756,168

Capital Assets:

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

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

Fund Balance Classification:

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

Nonspendable:

Amounts that cannot be spent in the current period either because of their form or because they must be maintained intact.

Restricted:

Amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments or through constitutional provisions or enabling legislation. Various New York State statutes allow local governments to establish reserve funds for various purposes. Since the State regulates the establishment, funding and use of these reserves, the District has classified the following reserve funds as restricted fund balances:

- The Unspecified Building Repair Fund includes reserve funds established for future repair, improvement and renovation projects. The balance at the end of 2019 was \$43,433.
- The New Truck and Equipment Fund includes reserve funds established for future acquisitions of new equipment. The balance at the end of 2019 was \$363,271.
- The Future Improvements Fund includes reserve funds established for future improvements and renovations and the acquisition of property. The balance at the end of 2019 was \$1,250,547.

Committed:

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

Assigned:

Amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision making authority or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund and, in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

WALLKILL FIRE DISTRICT

Unassigned:

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

F. Pervasiveness of Estimates

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

G. Subsequent Events

The date to which events occurring after December 31, 2019, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is June 18, 2020, which is the date the financial statements were available to be issued.

Subsequent to December 31, 2019, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impacts to the District as of June 18, 2020, management believes that a material impact on the District's financial position and operations is reasonably possible.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Length of Service Award Program

The information contained in this note is based on information for the Wallkill Fire District Service Award Program for the program year ended on December 31, 2019, which is the most recent program year for which complete information is available. Penflex, Inc. ("Penflex") provided a valuation packet for the calendar year ended December 31, 2019 for the purposes of completing the audit. Information from that report is contained within this footnote.

The Wallkill Fire District established a defined contribution Service Award Program (referred to as a "LOSAP" - length of service award program - under Section 457(e)(11) of the Internal Revenue Code) effective January 1, 1992 for the active volunteer firefighter members of the Wallkill Fire Department. The program was established pursuant to Article 11-A of the New York State General Municipal Law. The program provides municipally-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The Wallkill Fire District is the sponsor of the program and Penflex is the program administrator.

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

Participation, Vesting and Service Credit:

In a defined contribution LOSAP, each Participant has an individual Program account. Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service are eligible to participate in the program. Each Participant's individual Program account is credited with a service award contribution as of the end of each year during which the volunteer met the requirements to earn a year of Service Award Program service credit. The Participant is paid his or her account balance upon attainment of the Entitlement Age. The Program's Entitlement Age is age 55. The amount paid will vary depending upon the number of years of service credit earned by the volunteer and the investment income (less administrative and/or investment expenses not paid by the Program Sponsor) earned by the Program assets and allocated to the Participant's Program account.

WALLKILL FIRE DISTRICT

Participants acquire a non-forfeitable right to be paid their Program account balance after earning credit for five (5) years of service, upon attaining the Program's Entitlement Age while an active volunteer, becoming totally and permanently disabled or dying while an active volunteer firefighter. An active volunteer firefighter earns a year of Service Award Program service credit for each calendar year after the establishment of the Program in which he or she accumulates fifty or more 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 Service Award Program credit for five (5) years of active volunteer firefighting service rendered prior to the establishment of the Program as an active volunteer firefighter member of the Wallkill Fire District.

Benefits:

A Participant's benefit under the Program is his or her Program account balance paid upon attainment of the Entitlement Age in a lump sum to the Participant. The annual contribution paid by the Fire District and credited to the account of a Participant who earned fifty points during a calendar year is currently \$700. The maximum number of years of service credit a Participant may earn under the Program is 40 years. Currently, there are no other forms of payment of a Participant's account balance under the Program. Except in the case of Pre-Entitlement Age death or total and permanent disablement, a Participant's account balance will not be paid until a Participant attains the Entitlement Age. However, a Participant does have the ability to defer payment for a minimum of three years, if this election is made timely and properly by completing the necessary forms. Volunteers who are active volunteer firefighter members after attaining the Entitlement Age continue to have the opportunity to earn Program credit and to thereby be paid additional service awards. The Pre-Entitlement Age death and disability benefit is equal to the Participant's Program account balance as of the December 31 preceding the date of death or disablement. The Program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are self insured and are paid from the Program trust fund.

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

Fiduciary Investment and Control:

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

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

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

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

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

Authority to invest the program assets is vested in the program trustee. Program assets are invested in accordance with a statutory prudent person rule and in accordance with the written investment policy statement adopted by the Board of Fire Commissioners. The Board of Fire Commissioners has retained RBC Wealth Management to provide investment management and custodial services.

WALLKILL FIRE DISTRICT

Program Financial Condition:

Assets and Liabilities	
Total Net Assets Available for Benefits as of December 31, 2019	\$ 339,266
Assets and Liabilities	
Total Investments	\$ 328,368
Other Assets:	
Sponsor Contributions Receivable	10,898
Net Assets Held in Trust for LOSAP Benefits	<u>\$ 339,266</u>
Receipts and Disbursements	
Plan Net Assets - Beginning	\$ 347,326
Changes during the year:	
Plan Contributions Made	\$ 5,243
Change in Plan Contributions Receivable	5,654
Investment Income Earned (including accrued interest), net	39,090
Plan Benefit Withdrawals	<u>(58,047)</u>
	<u>(8,060)</u>
Plan Net Assets - Ending	<u>\$ 339,266</u>
Contributions	
Amount of District's contribution recommended by actuary:	\$ 5,243
Amount of District's actual contribution:	\$ 5,243
Administration Fees	
Fees paid to administrative/actuarial services provider	\$ 3,838
Fees paid for investment management	\$ 2,389

B. ASSETS

Capital Assets:

Property, Buildings and Equipment - A summary of changes in the general fixed assets during fiscal year 2019 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Land and Buildings	\$ 186,143	\$ -	\$ -	\$ 186,143
Vehicles and Equipment	1,453,237	-	(29,500)	1,423,737
Construction Work in Progress	126,644	223,821	-	350,465
Total Capital Assets	<u>\$ 1,766,024</u>	<u>\$ 223,821</u>	<u>\$ (29,500)</u>	<u>\$ 1,960,345</u>

In March 2019, the voters of the District approved to have a new firehouse built by the District. The District plans to finance the construction costs partially through bond issuance.

WALLKILL FIRE DISTRICT

SUPPLEMENTARY INFORMATION FIRE DISTRICT QUESTIONNAIRE

	Response
1) Has your district adopted a written procurement policy and is it complied with?	Y
2) Has your district contracted to have an independent audit of its financial statements?	Y
If not, has the Board of Fire Commissioners performed an internal audit of the Treasurer's records and reports?	
3) Does your district have a written travel policy and is it complied with?	Y
4) Are monthly bank reconciliations performed?	Y
5) What is your district's statutory spending limitation margin (amount) for the next fiscal year?	\$22,854
6) Does your district have a Length of Service Award Program (LOSAP) for volunteer firefighters?	Y
If so, how are the LOSAP funds invested?	
Marketable Securities	Y
Annuities	N
Life Insurance	N
Other (describe)	N
7) Has your Fire District adopted an investment policy as required by General Municipal Law, Section 39?	Y



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

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

Board of Fire Commissioners
Wallkill Fire District
18 Central Avenue
Wallkill, NY 12589

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Wallkill Fire District, which comprise the balance sheet - modified accrual basis as of December 31, 2019, and the related statements of results of operation and changes in fund balance - modified accrual basis and budgetary comparison - modified accrual basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 18, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Wallkill Fire District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Wallkill Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wallkill Fire District's internal control.

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

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

rbicpas.com

11 Racquet Road
Newburgh, NY 12550
T: (845) 567-9000
F: (845) 567-9228

2678 South Road, Suite 101
Poughkeepsie, NY 12601
T: (845) 485-5510
F: (845) 485-5547

P.O. Box 209
51 Sullivan Street
Wurtsboro, NY 12790
T: (845) 888-5656
F: (845) 888-2789

340 Madison Avenue
19th Floor
New York, NY 10173
T: (718) 772-0850
F: (718) 772-0851

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Wallkill Fire District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

RBT CPAs, LLP

Newburgh, NY
June 18, 2020

WALLKILL FIRE DISTRICT

SCHEDULE OF FINDINGS

A. Internal Control Findings

No internal control findings noted.

B. Compliance Findings

No compliance findings noted.

APPENDIX C

FORM OF BOND COUNSEL OPINION

FORM OF OPINION OF BOND COUNSEL

Hawkins Delafield & Wood LLP
7 World Trade Center at 250 Greenwich Street 41st floor
New York, New York 10007

September 29, 2020

The Board of Fire Commissioners of
the Wallkill Fire District,
in the Town of Shawangunk,
Ulster County, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Wallkill Fire District, in the Town of Shawangunk, Ulster 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 \$5,600,000 Fire District Serial Bonds-2020 (the “Bonds”), dated and delivered on the date hereof.

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

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

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

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

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

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

“Issuer” shall mean the Wallkill Fire District, in the Town of Shawangunk, Ulster 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 August 31, 2020.

“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 **\$5,600,000 Fire District Serial Bonds-2020**, dated September 29, 2020, maturing in various principal amounts on September 15 in each of the years 2021 to 2050, 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, 2020, 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 Issuer has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933; and

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

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

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

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

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

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does

not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

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

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

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

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **September 29, 2020**.

By _____
FIRE DISTRICT TREASURER

Statement of Revenues, Expenditures and Changes in Fund Balance

	Fiscal Year Ending December 31:				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues					
Real Property Taxes	\$ 531,474	\$ 531,474	\$ 531,474	\$ 531,474	\$ 531,474
Interest & Earnings	567	779	925	1,051	25,132
Sales of Equipment		1,036			3,333
Other	239,622	1,200			6,338
Insurance Recoveries				10,530	
Total Revenues	<u>771,663</u>	<u>534,489</u>	<u>532,399</u>	<u>543,055</u>	<u>566,277</u>
Expenditures					
Personal Services	14,103	13,952	14,040	15,781	16,042
Equipment & Capital Outlay	177,048	83,574	71,904	168,460	254,267
Contractual Expenditures	169,938	140,004	142,531	181,025	167,830
Local Pension Fund Contributions	14,141	14,325	15,091	12,132	9,081
Debt Principal		55,874			
Debt Interest		2,518			
Worker's Compensation	31,877	33,625	35,638	36,628	45,792
Total Expenditures	<u>407,107</u>	<u>343,872</u>	<u>279,204</u>	<u>414,026</u>	<u>493,012</u>
Transfers and Other Sources					
Transfers In	704,693	380,541	233,784	257,497	24,068
Transfers Out	(704,693)	(380,541)	(233,784)	(257,497)	(24,068)
Proceeds from Issance of Debt	55,874				
Total Operating Transfers	<u>55,874</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>420,430</u>	<u>190,617</u>	<u>253,195</u>	<u>129,029</u>	<u>73,265</u>
Fund Equity Beginning of Year	<u>602,456</u>	<u>1,022,886</u>	<u>1,213,502</u>	<u>1,466,697</u>	<u>1,595,727</u>
Prior Period Adjustments		(1)			(1)
Fund Equity End of Year	<u>\$ 1,022,886</u>	<u>\$ 1,213,502</u>	<u>\$ 1,466,697</u>	<u>\$ 1,595,727</u>	<u>\$ 1,668,991</u>

Note: This Schedule is not Audited.

Source: Audited Annual Financial Reports (2015-2019)

BALANCE SHEET
Fiscal Year Ended December 31, 2019

ASSETS:

Current Assets

Cash	\$ 12,267
Cash - Special Reserves	1,657,251
Other Receivables	289
Total Current Assets	<u>1,669,807</u>

TOTAL ASSETS	<u><u>1,669,807</u></u>
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LIABILITIES

Accounts Payable	816
Other	
Total Liabilities	<u>816</u>

FUND BALANCES

Restricted Fund Balance	1,657,251
Assigned Fund Balance	0
Unassigned Fund Balance	11,740
Total Fund Balances	<u>1,668,991</u>

TOTAL LIABILITES AND FUND BALANCE	<u><u>\$ 1,669,807</u></u>
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Note: This Schedule is not Audited.

Source: Audited Annual Financial Report (2019)

BUDGET SUMMARY

	<u>2020</u>
Revenues:	
Real Property Taxes	\$ 531,474
Interest & Earnings	<u>31,000</u>
	<u>\$ 562,474</u>
Expenditures	
Personal Services	\$ 23,850
Equipment and Capital Outlay	67,200
Judgement and Claims	162,620
Local Pension Fund	14,000
Social Security	1,200
Worker's Compensation	52,204
Transfer to Other Funds	<u>241,401</u>
Total Expenditures	<u>\$ 562,474</u>

Source: Adopted Budgets of the Fire District.

Financial Information
Assessed and Full Valuations

	<u>2016</u>		<u>2017</u>		<u>2018</u>		<u>2019</u>		<u>2020</u>	
Assessed Valuation	\$	81,663,406	\$	82,632,818	\$	82,891,512	\$	83,349,948	\$	83,985,146
Equalization Rates:		22.00%		22.25%		22.50%		21.78%		21.00%
Full Valuation:	\$	371,197,300	\$	371,383,452	\$	368,406,720	\$	382,690,303	\$	399,929,267
Total Tax Levy	\$	531,474	\$	531,474	\$	531,474	\$	531,474	\$	531,474
Tax Rate per \$1,000 of Assessed Valuation	\$	6.51	\$	6.43	\$	6.41	\$	6.38	\$	6.33