

PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 5, 2017

NEW ISSUE - SERIAL BONDS

RATING: S&P GLOBAL RATINGS: “ ”
See “Bond Rating”, herein

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Fire District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See “Tax Matters” herein.

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

**BLOOMINGBURG FIRE DISTRICT, A JOINT FIRE DISTRICT,
IN THE TOWN OF MAMAKATING AND THE VILLAGE OF
BLOOMINGBURG, SULLIVAN COUNTY AND THE TOWN OF
WALLKILL, ORANGE COUNTY, NEW YORK**
(the “Fire District”)

\$2,575,000* FIRE DISTRICT REFUNDING SERIAL BONDS – 2017
(the “Bonds”)

SEE BOND MATURITY SCHEDULE HEREIN

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

The Bonds are not subject to redemption prior to maturity. (See “Optional Redemption” under “THE BONDS,” herein.)

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

A single bond certificate shall be issued for each maturity of the Bonds registered in the name of the purchaser. 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 interest 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).

Proposals for the Bonds will be received at 11:00 A.M. (Prevailing Time) on December 14, 2017 at the offices of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Bonds are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Bonds will be made through the facilities of DTC on or about December 28, 2017 in New York, New York.

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

*Preliminary, subject to change.

**BLOOMINGBURG FIRE DISTRICT, A JOINT FIRE DISTRICT,
IN THE TOWN OF MAMAKATING AND THE VILLAGE OF
BLOOMINGBURG, SULLIVAN COUNTY AND THE TOWN OF
WALLKILL, ORANGE COUNTY, NEW YORK**

\$2,575,000* FIRE DISTRICT REFUNDING SERIAL BONDS – 2017

BOND MATURITY SCHEDULE

Dated: Date of Delivery

**Principal Due: August 15, 2018-2027 inclusive
Interest Due: February 15, 2018, August 15, 2018 and
semi-annually thereafter in each year to
maturity**

<u>Amount</u>	<u>Maturity**</u>	<u>Rate</u>	<u>Price or Yield</u>	<u>CUSIP #</u>
\$ 245,000	2018			
235,000	2019			
245,000	2020			
250,000	2021			
255,000	2022			
260,000	2023			
265,000	2024			
270,000	2025			
275,000	2026			
275,000	2027			

*Preliminary, subject to change.

**Amounts are subject to adjustment by the Fire District following the sale, pursuant to the terms of the Notice of Sale relating to the Bonds, to achieve substantial level or declining annual debt service as provided in Section 21.00 (d) of the Local Finance Law and to effectuate the Fire District's Plan of Refunding.

**BLOOMINGBURG FIRE DISTRICT, A JOINT FIRE DISTRICT,
IN THE TOWN OF MAMAKATING AND THE VILLAGE OF BLOOMINGBURG, SULLIVAN
COUNTY AND THE TOWN OF WALLKILL, ORANGE COUNTY, NEW YORK**

c/o Debra Bieske
117 Godfrey Road
Bloomingburg, New York 12721
Telephone: 845/733-1248
Fax: 845/733-1279

BOARD OF FIRE COMMISSIONERS

Thomas Dempsey, Chairman
Richard Knibbs, Vice Chairman

Larry W. Arnold
John Kahrs Jr.
Jeff Stedner
Russell Wood Jr.

Debra Bieske, Treasurer
Tonja Robbins, Secretary

Fire District Attorney

Frank T. Simeone, Esq.
Suffern, New York

* * *

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

* * *

MUNICIPAL ADVISOR

MUNISTAT SERVICES, INC.

Municipal Finance Advisory Service

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

E-mail: info@munistat.com
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

BLOOMINGBURG FIRE DISTRICT, A JOINT FIRE DISTRICT, IN THE TOWN OF MAMAKATING AND THE VILLAGE OF BLOOMINGBURG, SULLIVAN COUNTY AND THE TOWN OF WALLKILL, ORANGE COUNTY, NEW YORK

\$2,575,000* FIRE DISTRICT REFUNDING SERIAL BONDS – 2017

This Official Statement and the appendices hereto present certain information relating to the Bloomingburg Fire District, a Joint Fire District, in the Town of Mamakating and the Village of Bloomingburg, Sullivan County and the Town of Wallkill, Orange County, in the State of New York (the “Fire District,” “Counties” and “State,” respectively) in connection with the sale of \$2,575,000* Fire District Refunding Serial Bonds – 2017 (the “Bonds”) of the Fire District.

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

THE BONDS

Description of the Bonds

The Bonds will be dated the date of delivery, and will mature on August 15 in each of the years 2018 to 2027, inclusive, in the principal amounts as set forth on the inside cover page hereof. Interest on the Bonds will be payable on February 15, 2018, August 15, 2018 and semi-annually thereafter on February 15 and August 15 in each year to maturity.

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

A single bond certificate shall be issued for each maturity of the Bonds registered in the name of the purchaser. 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 interest 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 Paying 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: Debra Bieske, Fire District Treasurer, Bloomingburg Fire District, 117 Godfrey Road, Bloomingburg, New York 12721, Phone (845) 733-1248 and email: bfdtres@yahoo.com.

*Preliminary, subject to change.

Optional Redemption

The Bonds are not subject to redemption prior to maturity.

Description of Book-Entry System

DTC will act as Securities Depository for the Bonds issued as book-entry bonds. Such 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 OR ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS; (IV) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

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

Certificated Bonds

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

Authorization and Purpose 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 refunding bond resolution duly adopted by the Fire District Board of Fire Commissioners on November 14, 2017 (the “Refunding Bond Resolution”), authorizing the refunding of all or a part of the Fire District Serial Bonds – 2007, originally issued in the principal amount of \$3,900,000. The amounts expected to be refunded are set forth below:

Summary of Refunded Bonds* (the “Refunded Bonds”)

Fire District Serial Bonds-2007 <u>Maturity Date</u>	<u>Amount to Be Refunded</u>	<u>Interest Rate</u>	<u>Date of Redemption</u>	<u>Call Price</u>	<u>CUSIP Numbers</u>
08/15/2018	\$ 195,000	4.125%	-	-	094325AK3
08/15/2019	205,000	4.250	08/15/2018	100.00%	094325AL1
08/15/2020	215,000	4.250	08/15/2018	100.00	094325AM9
08/15/2021	225,000	4.250	08/15/2018	100.00	094325AN7
08/15/2022	235,000	4.250	08/15/2018	100.00	094325AP2
08/15/2023	245,000	4.250	08/15/2018	100.00	094325AQ0
08/15/2024	255,000	4.250	08/15/2018	100.00	094325AR8
08/15/2025	265,000	4.250	08/15/2018	100.00	094325AS6
08/15/2026	275,000	4.250	08/15/2018	100.00	094325AT4
04/15/2027	<u>285,000</u>	4.250	08/15/2018	100.00	094325AU1
Subtotal:	<u>\$2,400,000</u>				

Refunding Financial Plan

Pursuant to the Fire District’s Refunding Financial Plan, as referred to in the Refunding Bond Resolution, the Bonds are being issued to effect the refunding of the Refunded Bonds at the earliest date on which the Refunded Bonds may be called for redemption prior to maturity as set forth above. The Refunding Financial Plan will permit the Fire District to realize, as a result of the issuance of the Bonds, cumulative dollar and present-value debt service savings.

The net proceeds of the Bonds (after payment of the underwriting fee and other costs of issuance relating to the Bonds), will be used to purchase non-callable, direct obligations of or obligations guaranteed by the United States of America (the “Government Obligations”) which, together with remaining cash proceeds from the sale of the Bonds, will be placed in an irrevocable trust fund (the “Escrow Fund”) to be held by The Bank of New York Mellon (the “Escrow Holder”), a bank located and authorized to do business in the State, pursuant to the terms of an escrow contract by and between the District and the Escrow Holder, dated as of the delivery date of the Bonds (the “Escrow Contract”). The Government Obligations so deposited will mature in amounts which, together with the cash so deposited, will be sufficient to pay the principal of, interest on and applicable redemption premiums, if any, of the Refunded Bonds on the date of their redemption. The Refunding Plan requires the Escrow Holder, pursuant to the Refunding Bond Resolution of the Fire District and Escrow Contract, to pay the Refunded Bonds at maturity or at the earliest date on which the Refunded Bonds may be called for redemption prior to maturity.

The holders of the Refunded Bonds will have a first lien on all cash on deposit in the Escrow Fund. Upon payment by the Escrow Holder to the fiscal agent for the Refunded Bonds of amounts from the Escrow Fund adequate for the payment, in full, of the Refunded Bonds to be paid from the Escrow Fund, including interest and redemption premium, if any, payable with respect thereto, and payment of all expenses incidental to the issuance of the Bonds, such Escrow Contract shall terminate.

*Preliminary, subject to change.

Under the Refunding Financial Plan, the Refunded Bonds will continue to be general obligations of the Fire District and will continue to be payable from *ad valorem* taxes on all taxable real property in the Fire District. However, inasmuch as the funds held in the Escrow Fund together with interest earnings thereon and cash held in the Escrow Fund shall be sufficient to meet all required payments of principal of, interest on the premium payable with respect to the Refunded Bonds, it is not anticipated that other sources of payment will be utilized.

The New York State Local Finance Law provides that upon placement in escrow of proceeds of the Refunding Bonds sufficient to provide for the payment of the principal and interest of the bonds to be refinanced by such refunding bonds the refunded bonds are no longer counted in computing the Fire District's debt for statutory debt limitations purposes.

Sources and Uses of Bond Proceeds

Sources:

Par Amount of Bonds	\$ _____
Original Issue Premium	_____
Total.....	\$ _____

Uses:

Escrow Deposit.....	\$ _____
Underwriter's Discount	_____
Allowance for Costs of Issuance and Contingency	_____
Total.....	\$ _____

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

General Information

The Fire District was formed in December of 1960 and serves the Village of Bloomingburg, the southern part of the Town of Mamakating, Sullivan County and the northern part of the Town of Walkkill, Orange County, New York.

The area covered by the fire district is approximately 45 square miles, and is predominately rural, with some commercial properties along highway State route 17 (future Interstate 86). The entire Fire District is growing rapidly, with more rural development in both townships. A large dairy farm in the Village of Bloomingburg has been sold to a developer who is building 396 town houses.

In 2001, the seven commissioners began to consider the need for a new firehouse and began a search for an appropriate piece of property. There were many reasons a new firehouse was necessary, a few being more space needed, a decontamination room, state and federal mandates, handicap accessibility and parking. Finally, in 2005, property was found and the commissioners proceeded to purchase it.

At the same time the commissioners started to design a 10,000 sq. ft. truck bay and 5,300 sq. ft. meeting room, offices and kitchen. The intention was that the new firehouse would serve the District for years to come. The Fire District received voter approval in 2006 to construct the new firehouse. The Fire District had a ground breaking in October 2007, and moved into the new firehouse in July, 2009.

The fire company is made up of all volunteers and answered 204 emergency calls in 2016.

Form of Government

The Fire District is governed by a seven-member Board of Fire Commissioners who are elected to five-year terms on a staggered basis. The Chairman of the Board is elected annually by the Commissioners at the Organization Meeting held each year within the first fifteen days in January, and at which time a Secretary and a Treasurer are appointed by the Board, to a one-year term. A volunteer force is responsible for the operation of the equipment and apparatus.

Employees

The Fire District has 2 employees, none of whom are represented by organized labor.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

The following table sets forth population statistics for the Village of Bloomingburg, Town of Mamakating, Sullivan County, Town of Wallkill, and Orange County.

<u>Year</u>	<u>District^a</u>	<u>Village of Bloomingburg</u>	<u>Town of Mamakating</u>	<u>Sullivan County</u>	<u>Town of Wallkill</u>	<u>Orange County</u>
2000	5,513	353	11,002	73,966	24,650	341,367
2005	5,575	344	11,497	76,539	26,999	372,893
2010	5,595	455	12,085	77,547	27,426	372,813
2016	5,615	408	11,426	74,801	28,023	379,210

a. Estimated.

Source: U.S. Census Bureau.

Income Data

Per capita income statistics are not available for the Fire District as such. The smallest area for which such statistics are available, and which includes the Fire District, are the Towns of Mamakating and Wallkill and Counties of Sullivan and Orange. The data set forth below with respect to the Towns and the Counties is included for information only. It should not be inferred from the inclusion of such data in this Official Statement that the Towns or the Counties is necessarily representative of the Fire District, or vice versa.

	<u>Per Capita Money Income</u>			
	<u>2000</u>	<u>2005</u>	<u>2010</u>	<u>2015^a</u>
Town of Mamakating	\$19,451	\$ N/A	\$28,333	\$26,021
Town of Wallkill	21,654	N/A	28,625	29,585
County of Sullivan	18,892	23,572	23,422	25,545
County of Orange	21,597	26,491	28,944	31,023
State of New York	23,389	28,158	30,948	33,236

Source: United States Bureau of the Census.

Major Non-Governmental Employers in Orange County
(300 or more employees)

<u>Name</u>	<u>Type</u>	<u>Estimated Number Of Employees</u>
United States Military Academy at West Point	Colleges & Technical Institutes	3,120
Orange Regional Medical Center	Healthcare	2,524
Crystal Run Health	Healthcare	1,800
Access: Supports for Living	Non-Profit Organizations	1,289
St Luke's Cornwall Hospital	Healthcare	1,247
Elant, Inc.	Healthcare	1,200
Mount Saint Mary College	Education	1,000
C & S Wholesale Grocers, Inc.	Distribution	800
Empire Blue Cross/Blue Shield	Service	795
Spectrum Enterprise	Communications	750
The ARC of Orange County	Non-Profit Organizations	750
Amscan, Inc.	Distribution	525
Horizon Family Medical Group	Healthcare	500
Kolmar Laboratories Inc	Manufacturing	500
Bon Secours Community Hospital	Healthcare	490
Staples, Inc.	Distribution	460
Verla International LTD	Manufacturing	445
YRC Worldwide	Cargo & freight	435
Adecco	Service	400
United Natural Foods, Inc (UNFI)	Food Distribution	400
Mediacom Communications Corp	Communications	395
Times Herald Record	Distribution/Publishing	395
Crystal Run Village Inc	Non-Profit Organizations	391
St. Anthony Community Hospital	Healthcare	370
Mid-Hudson Processing and Distribution USPS	Distribution	359
Allegiance Healthcare-Cardinal Health	Distribution	350
IBM Business Continuity & Resiliency Services	Service	350
Precision Pipeline Solutions	Utilities	350
Superior Pack Group Inc.	Packaging & labeling	325
CoachUSA	Transportation	300

Source: 2017 Directory of Major Employers, Orange County Partnership

Unemployment Rate Statistics

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

<u>Annual Averages:</u>	<u>Town of Wallkill (%)</u>	<u>Sullivan County (%)</u>	<u>Orange County (%)</u>	<u>New York State (%)</u>
2013	6.7	8.1	7.2	7.7
2014	5.5	6.5	5.5	6.4
2015	4.6	5.4	4.7	5.3
2016	4.1	4.8	4.2	4.9
2017 (10 Month Average)	4.4	4.7	4.4	4.4

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE FIRE DISTRICT

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

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

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

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

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

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

Statutory Procedure

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

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

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

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

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

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

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

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

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

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

Computation of Constitutional Debt Contracting Margin
(As of December 5, 2017)

<u>In Towns of:</u>	<u>Assessed Valuation</u>	State <u>Equalization Rate (%)</u>	<u>Full Valuation</u>
Mamakating (2017-2018) ^a	\$286,342,919	65.40	\$437,833,209
Wallkill (2017-2018)	23,577,136	21.24	<u>111,003,465</u>
			548,836,674
Debt Limit - 3% of Full Valuation			16,465,100
Inclusions:			
Outstanding Bonds			<u>2,400,000</u>
Total Indebtedness			<u>2,400,000</u>
Exclusions			
Bond Appropriations			0
Other Exclusions			<u>0</u>
Total Exclusions			<u>0</u>
Total Net Indebtedness			<u>2,400,000</u>
Net Debt Contracting Margin			<u><u>\$14,065,100</u></u>
Per Cent of Debt Contracting Margin Exhausted			14.58%

Debt Service Requirements - Outstanding Bonds and Refunding Bonds

<u>Fiscal year Ending May 31:</u>	<u>Outstanding Debt Service</u>	<u>Refunding Debt Service</u>	<u>Sub-Total</u>	<u>Less: Debt Service to be Refunded</u>	<u>Net After Issuance of Refunding Bonds</u>
2018	\$296,756				
2019	298,712				
2020	300,000				
2021	300,862				
2022	301,300				
2023	301,312				
2024	300,900				
2025	300,062				
2026	298,800				
2027	<u>297,113</u>				
Totals	<u><u>\$2,995,817</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

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

Authorized But Unissued Debt

As of the date of this Official Statement, the Fire District has authorized but unissued debt in the amount of \$2,750,000 to refund the Fire District Serial Bonds - 2007. The Bonds are being issued pursuant to this authorization. (See "Authorization and Purpose for the Bonds" herein.)

Trend of Outstanding Indebtedness

	Fiscal Year Ending December 31:				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Bonds	\$3,290,000	\$3,125,000	\$2,950,000	\$2,775,000	\$2,590,000
BANs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$3,290,000</u>	<u>\$3,125,000</u>	<u>\$2,950,000</u>	<u>\$2,775,000</u>	<u>\$2,590,000</u>

Source: Audited Financial Statements 2012-2016.

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)^a</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness^b</u>
Orange County	11/10/2017	.31	\$ 959,486	\$ 959,486
Sullivan County	10/16/2016	5.94	2,933,082	2,558,862
Town of Mamakating	11/01/2017	3.12	0	0
Town of Wallkill	01/16/2017	4.22	819,819	565,624
Enlarged City School District of Middletown	08/01/2017	8.42	10,701,399	9,947,809
Minisink Valley CSD	12/22/2016	8.23	6,993,442	6,993,442
Pine Bush CSD	12/01/2017	13.02	4,806,984	2,692,122
Totals			<u>\$27,214,212</u>	<u>\$23,717,345</u>

a. Based on respective full valuations.

b. Excluded items consist of debt legally excluded in the determination of net indebtedness for purposes of the constitutional debt limitation (including water and sewer debt and tax and revenue anticipation notes)

Sources: Annual Financial Reports for the most recently completed fiscal year or more recently published Official Statements.

Debt Ratios

(As of December 5, 2017)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage of Full Value (%)^b</u>
Total Direct Debt	\$2,400,000	\$ 427	0.43
Net Direct Debt	2,400,000	427	0.43
Total Direct & Applicable Total Overlapping Debt	29,614,212	5,274	5.39
Net Direct & Applicable Net Overlapping Debt	26,117,345	4,651	4.75

a. The current estimated population of the Fire District is 5,615.

b. The full valuation of taxable real property in the Fire District for 2017-18 is \$548,836,674.

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 December 31, 2016, the audit was performed by the firm RBT CPAs, LLP. A copy of such audit is attached hereto as Appendix B.

Investment Policy

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

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

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

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

Retirement Pension Benefits

At the present time the Fire District does not offer any retirement pension benefits to its employees.

Service Award Program

The Fire District adopted a resolution to establish a service award program effective July 14, 1998. The projected monthly award to be \$10.00 per year of active service, not to exceed 30 years; stating that each eligible participant shall receive credit for up to 5 qualified years of active fire fighting service prior to the establishment of the service award program.

On October 12, 2004 the Fire District adopted a resolution increasing the projected monthly award from \$10.00 per year of active service to \$20.00 per year of active service not to exceed 30 years, by increasing the projected maximum monthly benefit at entitlement age from \$300.00 to \$600.00.

All active volunteer firefighters of the Fire District who are members of the Bloomingburg Fire Company are eligible to participate in the service awards program.

Budgetary Procedures

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

Basis of Accounting

The financial statements of the Fire District are audited annually by an independent public accountant. For the fiscal year ending December 31, 2016, the audit was performed by the firm RBT CPAs, LLP. A copy of such report is attached hereto as Appendix B hereto.

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

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

Revenues

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

Real Property Taxes

See "*Tax Information*", herein.

Expenditures

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

2014 Results of Operations (Audited)

For the fiscal year ending December 31, 2014, the audited financial statements show the total revenue, including transfers, in the General Fund were \$642,280 and the total expenditures, including transfers, were \$540,595. The total overall fund balance in the General Fund increased from \$1,141,166 to \$1,242,849. The fund balance at the end of the fiscal year 2014 included approximately \$160,000 of unspent bond proceeds from the Refunded Bonds (as defined herein). Such funds are not permitted under New York Law to be used for any other purposes other than the payment of debt service on such Refunded Bonds or to pay project costs.

2015 Results of Operations (Audited)

For the fiscal year ended December 31, 2015, the audited financial statements show the total revenue including transfers in the General Fund were \$651,495 and the total expenditures, including transfers, were \$557,953. The total overall fund balance in the General Fund increased from \$1,242,849 to \$1,336,391. The fund balance at the end of the fiscal year 2015 included unspent bond proceeds from the Refunded Bonds (as defined herein) in the amount of approximately \$145,000. Such funds are not permitted under New York Law to be used for any other purposes other than the payment of debt service on such Refunded Bonds or to pay project costs.

2016 Results of Operations (Audited)

For the fiscal year ended December 31, 2016, the audited financial statements show the total revenue including transfers in the General Fund were \$653,611 and the total expenditures, including transfers, were \$590,657. The total overall fund balance in the General Fund increased from \$1,336,391 to \$1,399,345. The fund balance at the end of the fiscal year 2016 included unspent bond proceeds from the Refunded Bonds (as defined herein) in the amount of \$130,000. Such funds are not permitted under New York Law to be used for any other purposes other than the payment of debt service on such Refunded Bonds or to pay project costs.

See also "Sources and Uses" herein.

TAX INFORMATION

Real Property Taxes

The Fire District derives its power to require the levy of an ad valorem real property tax from the State Constitution; 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 Towns of Mamakating and Wallkill. Assessment valuations are determined by the Towns assessor and the State Board of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Board of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State 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.

Fiscal Year Ending <u>December 31:</u>	<u>Total Revenue</u>	Real Property <u>Taxes</u>	Real Property Taxes to <u>Revenues (%)</u>
2012	\$611,537	\$ 607,256	99.30
2013	631,366	613,281	97.13
2014	641,626	635,326	99.01
2015	650,672	643,626	98.91
2016	653,611	648,128	99.16
2017 (Budgeted)	669,726	654,726	97.76
2018 (Budgeted)	680,005	665,005	97.79

a. The Town levies and collects taxes on behalf of the Fire District.

Tax Collection Procedure

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

Tax Levy Limit Law

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

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

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

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

Valuations, Rates and Levies

A summary of valuation rates and levies can be found in Appendix A.

**Selected Listing of Large Taxable Properties within the Fire District
2017-18 Assessment Roll**

<u>Name</u>	<u>Type</u>	<u>Full Valuation</u>
Sullivan Farms II Inc.	Family Residents/Vacant Land	\$9,042,201
New Twin Lakes Village LLC	MFG Housing Park	8,558,409
Whispering Pines	Commercial	6,029,969
Orange & Rockland Utility, Inc.	Utility	6,028,368
Shab Holdings LLC	Camping Grounds	3,011,467
Robert Cleveland	Warehouse and Distribution Facilities	2,430,790
CM & Sons Trucking Inc.	Commercial	2,264,595
Burlingham Equities	Commercial	2,069,877
Camp Na-Sho-PA	417 Cottages	1,618,501
		\$41,054,177

a. Represents 8.71% of the 2017-18 Full Valuation of the Fire District.

LITIGATION

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

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

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

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

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

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

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

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

TAX MATTERS

Opinion of Bond Counsel

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

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

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

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

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

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

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

Bond Premium

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, could 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) or such decisions could affect the market price or marketability of the Bonds.

For example, the Tax Cuts and Jobs Act (“H.R. 1”), which was passed by the United States House of Representatives on November 16, 2017, would, if enacted into law in its current form, include in gross income the interest on (i) any “qualified” private activity bond and (ii) any advance refunding bond. Such amendments would only apply to bonds issued after December 31, 2017. H.R. 1 would also impact (and generally lower) the current income tax rates for individuals and corporations. On December 2, 2017, the United States Senate passed its own version of H.R. 1, that would also prohibit the issuance of tax-exempt advance refunding bonds after December 31, 2017, but would not change the current tax treatment of qualified private activity bonds. The House Bill would eliminate the alternative minimum tax on individuals and corporations for tax years beginning after December 31, 2017. The Senate Bill would retain the alternative minimum tax on individuals and corporations with increased income thresholds at which the alternative minimum tax will apply to individuals for taxable years beginning after December 31, 2017 and before January 1, 2026. The future of the tax reform legislative efforts is uncertain at this time.

Prospective purchasers of the Bonds 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.

Prior Compliance History

On December 7, 2017, the Fire District filed a material event notice for failure to file a rating upgrade from an “A-” to an “A” by S&P Global Ratings on September 27, 2013.

BOND RATING

The Fire District has applied to S&P Global Ratings (“S&P”) 55 Water Street, New York, NY 10041, Telephone: (877) 299-2569 and Fax: (212) 438-5153, for a rating on the Bonds and such application is pending at this time. The rating will reflect only the view of such rating agency and an explanation of the significance of such rating should be obtained from S&P. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such ratings could have an adverse affect on the market price of the Bonds or the availability of a secondary market for such Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS FOR THE BONDS

Causey Demgen & Moore Inc. will verify from the information provided to them, the mathematical accuracy, as of the date of the closing of the Bonds, of: (1) the computations contained in the provided schedules to determine that the anticipated receipts from the Government Obligations and cash deposits listed in the underwriter’s schedules, to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium requirements of the Refunded Bonds, and (2) the computations of the yield on both the Government Obligations and the Bonds contained in the provided schedules to be used by Hawkins Delafield & Wood LLP, as Bond Counsel to the Fire District for the Bonds, in its determination that the interest on the Bonds is excludable from gross income for Federal income tax purposes. Causey Demgen & Moore Inc. will express no opinion on the assumptions provided to them, nor as to the exclusion from taxation of the interest on the Bonds.

The accuracy of the mathematical computations regarding the adequacy of the cash as deposit in the Escrow Fund, to pay, when due, the principal of and interest on the Refunded Bonds on the applicable payment date(s) will be verified by Causey Demgen & Moore, P.C. Such verification of the accuracy of the mathematical computation will be based, in part, upon factual information supplied by the Fire District and the Purchaser or the Municipal Advisor.

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 Debra Bieske, Fire District Treasurer, Bloomingburg Fire District, 117 Godfrey Road, Bloomingburg, New York 12721, Phone (845) 733-1248 and email: bfdtres@yahoo.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 refunding bond resolution of the Fire District which delegate to the Fire District Treasurer the power to sell and issue the Bonds.

BLOOMINGBURG FIRE DISTRICT, NEW YORK

By: DEBRA BIESKE
Fire District Treasurer and Chief Fiscal Officer

December , 2017

APPENDIX A

FINIANCIAL INFORMATION

BLOOMINGBURG JOINT FIRE DISTRICT

Assessed and Full Valuations

	Fiscal Year Ending Dec 31:				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Assessed Valuation:					
Town of:					
Mamakating	\$ 269,648,952	\$ 274,036,408	\$ 280,539,293	\$ 285,717,622	\$ 286,342,919
Wallkill	23,092,530	23,337,789	23,491,903	23,624,642	23,577,136
Total Assessed Valuation	\$ 292,741,482	\$ 297,374,197	\$ 304,031,196	\$ 309,342,264	\$ 309,920,055
Equalization Rates:					
Town of:					
Mamakating	66.30%	68.70%	70.10%	67.00%	65.40%
Wallkill	21.50%	21.90%	22.10%	22.00%	21.24%
Full Valuation :					
Town of:					
Mamakating	\$ 406,710,335	\$ 398,888,512	\$ 400,198,706	\$ 426,444,212	\$ 437,833,209
Wallkill	107,407,116	106,565,247	106,298,204	107,384,736	111,003,465
Total Full Valuation	\$ 514,117,451	\$ 505,453,759	\$ 506,496,910	\$ 533,828,948	\$ 548,836,674

Statement of Revenue, Expenditures and Changes in Fund Balances

GOVERNMENTAL FUNDS

	Fiscal Year Ending December 31:				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues					
Real Property Taxes	\$ 607,256	\$ 613,281	\$ 635,326	\$ 643,626	\$ 648,128
Grant Income	0	11,621	0	1,500	0
Interest and Earnings	5,102	6,632	5,805	5,608	5,458
Unclassified	26	422	1,149	761	25
Total Revenues	<u>612,384</u>	<u>631,956</u>	<u>642,280</u>	<u>651,495</u>	<u>653,611</u>
Expenditures					
Fire - Personal Services	236,866	221,963	234,839	259,197	10,000
Fire - Equipment and Capital Outlay	64,847	0	0	0	16,404
Fire - Contractual Expenditures	0	0	0	0	188,424
Local Pension Fund	0	0	0	0	74,073
Debt Principal - Serial Bonds	160,000	165,000	175,000	175,000	185,000
Debt Interest - Serial Bonds	143,781	137,356	130,756	123,756	116,756
Total Expenditures	<u>605,494</u>	<u>524,319</u>	<u>540,595</u>	<u>557,953</u>	<u>590,657</u>
Excess (Deficiency) of Revenues Over Expenditures	6,890	107,637	101,685	93,542	62,954
Other Financing Sources (Uses):					
Operating Transfers Out	0	0	0	0	(353,500)
Operating Transfers In	0	0	0	0	353,500
Excess (Deficiency) Of Revenues & Other Sources Over Expenditures & Other Uses	6,890	107,637	101,685	93,542	62,954
Fund Equity Beginning of Year	1,026,639	1,033,529	1,141,164	1,242,849	1,336,391
Add (Deduct) Prior Period Adjustments	0	0	0	0	0
Fund Equity End of Year	<u>\$ 1,033,529</u>	<u>\$ 1,141,166</u>	<u>\$ 1,242,849</u>	<u>\$ 1,336,391</u>	<u>\$ 1,399,345</u>

Note: This Schedule is not Audited.

The Fire District's fund balance for the 2012 fiscal year includes approximately \$190,000 in unspent bond proceeds from the Refunded Bonds (as defined herein). The Fire District has used \$15,000 a year of such amount to pay for debt service.

At the end of the 2016 fiscal year, the fund balance includes approximately \$130,000 in unspent bond proceeds.

Such funds are not permitted under New York Law to be used for any other purposes other than the payment of debt service on the Refunded Bonds or to pay project costs.

Source: Audited Annual Financial Reports, 2012-2016.

Balance Sheet - General Fund
Fiscal Year Ended December 31:

	<u>2016</u>
ASSETS:	
Cash	144,562
Cash, Special Reserves	1,255,016
Prepaid Expenses	<u>0</u>
Total	\$ <u><u>1,399,578</u></u>
 LIABILITIES:	
Accounts Payable	\$ 233
Accrued Liabilities	<u>0</u>
Total Liabilities	<u>233</u>
 FUND EQUITY:	
Fund Balances:	
Unreserved:	
Nonspendable Fund Balance	0
Restricted Fund Balance	1,255,016
Undesignated	<u>144,329</u>
Total Fund Equity	<u>1,399,345</u>
Total Liabilities and Fund Equity	\$ <u><u>1,399,578</u></u>

Source: Audited Financial Statements, 2016.

Budget Summaries
General Fund
Fiscal Year Ending December 31:

	<u>2017</u>	<u>2018</u>
Revenues:		
Real Property Taxes	\$ 654,726	\$ 665,005
Other Income	<u>15,000</u>	<u>15,000</u>
Total Revenues	<u><u>669,726</u></u>	<u><u>680,005</u></u>
Expenditures		
Personal Services	12,000	12,000
Equipment	30,000	53,204
Contractual Expenditures	212,370	193,045
Service Awards Program	66,000	75,000
Debt Service	299,356	296,756
Transfer to Capital Truck Fund	<u>50,000</u>	<u>50,000</u>
Total Expenditures	<u><u>\$ 669,726</u></u>	<u><u>\$ 680,005</u></u>

Source: Adopted Budget of the Fire District.

BLOOMINGBURG FIRE DISTRICT

APPENDIX B

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

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

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners
Bloomingburg Joint Fire District
117 Godfrey Rd
Bloomingburg, NY 12721

Report on the Financial Statements

We have audited the accompanying financial statements of the Bloomingburg Joint Fire District, which comprise the balance sheet for each fund and account group as of December 31, 2016 and the related statements of results of operations and changes in fund balance and budgetary comparison for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2; this includes determining that the New York State System of Accounts basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of each fund and account group of the Bloomingburg Joint Fire District as of December 31, 2016, and their respective results of operation and budgetary results for the year then ended, in conformity with the New York State System of Accounts 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 basis of accounting as prescribed by New York State for the preparation of the Fire District's annual financial report, which is a basis of accounting other than accounting principles generally accepted in the United States of America to meet the requirements of New York State. Our opinion is not modified with respect to this matter.

Other Matters*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Bloomingburg Joint 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 October 09, 2017, on our consideration of Bloomingburg Joint Fire District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bloomingburg Joint Fire District's internal control over financial reporting and compliance.

Restriction on Use

Our report is intended solely for the information and use of Bloomingburg Joint 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

Wurtsboro, NY
October 09, 2017

BLOOMINGBURG JOINT FIRE DISTRICT

SUPPLEMENTAL INFORMATION MANAGEMENT'S DISCUSSION AND ANALYSIS

The accompanying management discussion and analysis of the Bloomingburg Joint Fire District's financial performance has been prepared to provide an overview of the District's financial activities for the year ended December 31, 2016. 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 Bloomingburg Joint Fire District, 117 Godfrey Rd, Bloomingburg, NY 12721.

Financial Highlights

- As of the close of the current fiscal year, the Bloomingburg Joint Fire District's governmental funds reported an ending fund balance of \$1,399,345, a increase of \$62,954 in comparison with the prior year.
- At the end of the current year, unassigned fund balance for the General Fund was \$144,329.
- Real Property taxes increased by \$4,502 in 2016.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Bloomingburg Joint 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 Bloomingburg Joint 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 Bloomingburg Joint Fire District Funds

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

Governmental Funds: The focus of the Bloomingburg Joint 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 Bloomingburg Joint 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 Bloomingburg Joint Fire District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$144,329.

At December 31, 2016, the governmental funds of the Bloomingburg Joint Fire District reported a combined fund balance of \$1,399,345, a 4.71 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

General Fund actual revenues exceeded budgeted revenues by \$414. The majority of this amount relates to interest. General Fund actual expenditures were \$7,469 less than budgeted expenditures primarily due to debt payments being made from the restricted funds.

BLOOMINGBURG JOINT FIRE DISTRICT

Capital Assets and Debt Administration

Capital Assets: The District's investment in capital assets as of December 31, 2016 totaled \$6,387,414. These assets include land, buildings and machinery and equipment.

Debt: As of December 31, 2016, the Bloomingburg Joint Fire District had general obligation debt outstanding of \$2,590,000. The debt is backed by the full faith and credit of the District. The District's total debt decreased by \$185,000 during the 2016 fiscal year.

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

CONDENSED FINANCIAL INFORMATION

	2016	2015
Balance Sheet Information:		
Current Assets	\$ 1,399,578	\$ 1,332,341
LOSAP Assets	\$ 782,385	\$ 664,209
Capital Assets	\$ 6,387,414	\$ 6,387,414
Current Liabilities	\$ 233	\$ 8,244
General Obligation Debt	\$ 2,590,000	\$ 2,775,000
Fund Balances:		
Nonspendable	\$ -	\$ 4,050
Restricted	\$ 1,255,016	\$ 1,146,445
Assigned	\$ -	\$ 25,000
Unassigned	\$ 144,329	\$ 185,896
Statement of Operations:		
Revenue:		
Property Tax Revenue	\$ 648,128	\$ 643,626
Other Revenue	5,483	7,869
Total Revenue	<u>653,611</u>	<u>651,495</u>
Expenditures:		
Fire - Personal Service	10,000	10,000
Fire - Equipment and Capital Outlay	16,404	-
Fire - Contractual Expenditures	188,424	203,402
Local Pension Fund	74,073	45,795
Debt Principal and Interest	301,756	298,756
Total Expenditures	<u>590,657</u>	<u>557,953</u>
Change in Fund Balance	<u>\$ 62,954</u>	<u>\$ 93,542</u>

BLOOMINGBURG JOINT FIRE DISTRICT

**BALANCE SHEET
ALL FUNDS AND ACCOUNT GROUPS**

As of December 31, 2016	Governmental Fund	Fiduciary Fund	Account Groups	
ASSETS AND OTHER DEBITS	General	Agency	Non-Current Governmental Assets	Non-Current Governmental Liabilities
Assets:				
Cash	\$ 144,562	\$ -	\$ -	\$ -
Cash, Special Reserves	1,255,016	-	-	-
Service Award Program Assets (Note II A)	-	782,385	-	-
Capital Assets (Note II B)	-	-	6,387,414	-
Other Debits:				
Provision to be Made in Future Budgets	-	-	-	2,590,000
Total Assets and Other Debits	\$ 1,399,578	\$ 782,385	\$ 6,387,414	\$ 2,590,000

LIABILITIES, FUND BALANCE AND OTHER CREDITS

Liabilities:				
Accounts Payable	\$ 233	\$ -	\$ -	\$ -
Agency Liabilities	-	782,385	-	-
Bonds Payable (Note II C)	-	-	-	2,590,000
Total Liabilities	233	782,385	-	2,590,000
Fund Balance and Other Credits:				
Investments in Non-Current Government Assets	-	-	6,387,414	-
Restricted Fund Balance	1,255,016	-	-	-
Unassigned Fund Balance	144,329	-	-	-
Total Fund Balance and Other Credits	1,399,345	-	6,387,414	-
Total Liabilities, Fund Balance and Other Credits	\$ 1,399,578	\$ 782,385	\$ 6,387,414	\$ 2,590,000

See Notes to Financial Statements.

BLOOMINGBURG JOINT FIRE DISTRICT

RESULTS OF OPERATION AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

For the Year Ended December 31, 2016	General
Revenues:	
Real Property Taxes	\$ 648,128
Interest and Earnings	5,458
Unclassified	25
Total Detail Revenue	653,611
Expenditures:	
Fire - Personal Service	10,000
Fire - Equipment and Capital Outlay	16,404
Fire - Contractual Expenditures	188,424
Local Pension Fund	74,073
Debt Principal - Serial Bonds	185,000
Debt Interest - Serial Bonds	116,756
Total Detail Expenditures	590,657
Other Financing Sources/(Uses):	
Interfund Transfers In	353,500
Interfund Transfers Out	(353,500)
Total Detail Other Financing Sources/(Uses)	-
Changes in Fund Balance	62,954
Fund Balance - Beginning	1,336,391
Fund Balance - Ending	\$ 1,399,345

See Notes to Financial Statements.

BLOOMINGBURG JOINT FIRE DISTRICT

**BUDGETARY COMPARISON STATEMENT
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2016	Budgeted Amounts	Actual Amounts OCBOA Basis	Variance with Budget
GENERAL			
Revenues:			
Real Property Taxes	\$ 648,126	\$ 648,128	\$ 2
Interest and Earnings	-	387	387
Unclassified	-	25	25
Total Detail Revenue	648,126	648,540	414
Expenditures:			
Fire - Personal Service	10,000	10,000	-
Fire - Equipment and Capital Outlay	30,000	16,404	13,596
Fire - Contractual Expenditures	203,370	188,424	14,946
Local Pension Fund	53,000	74,073	(21,073)
Debt Principal - Serial Bonds	185,000	185,000	-
Debt Interest - Serial Bonds	116,756	116,756	-
Total Detail Expenditures	598,126	590,657	7,469
Other Financing Sources/(Uses):			
Interfund Transfers In	-	50,000	50,000
Interfund Transfers Out	(50,000)	(153,500)	(103,500)
Total Detail Other Financing Sources/(Uses)	(50,000)	(103,500)	(53,500)
Changes in Fund Balance	-	(45,617)	(45,617)
General Fund Balance - Beginning	189,946	189,946	-
General Fund Balance - Ending	\$ 189,946	\$ 144,329	\$ (45,617)
RESERVE			
Revenues:			
Interest and Earnings	\$ -	\$ 5,071	\$ 5,071
Other Financing Sources/(Uses):			
Interfund Transfers In	50,000	303,500	253,500
Interfund Transfers Out	-	(200,000)	(200,000)
Total Detail Other Financing Sources/(Uses)	50,000	103,500	53,500
Changes in Fund Balance	50,000	108,571	58,571
Reserve Fund Balance - Beginning	1,146,445	1,146,445	-
Reserve Fund Balance - Ending	\$ 1,196,445	\$ 1,255,016	\$ 58,571

See Notes to Financial Statements.

BLOOMINGBURG JOINT FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Bloomingburg Joint Fire District (the "District") was established in 1960 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 Bloomingburg Joint 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 funds and account groups are used by the District.

1. FUNDS:

- a. Governmental Funds - 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 - 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 capital assets. The two account groups are not "funds". They are concerned only with the measurement of financial position. It is 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.

BLOOMINGBURG JOINT FIRE DISTRICT

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The financial statements were prepared on the New York State System of Accounts basis of accounting 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 therefore 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 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 funds excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund expenditures or fund liabilities. They are instead reported as liabilities in the Non-Current Governmental Liabilities Account Group.

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 taxpayers 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).

BLOOMINGBURG JOINT FIRE DISTRICT

Bloomington Joint Fire District's investment policies are governed by State Statutes. In addition, the District has its own written investment policy. District monies shall be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks located within the State of New York. The Board of Fire Commissioners are authorized to use demand accounts and certificates of deposit. Collateral is required for demand deposits and certificates of deposit at 102 percent of all deposits not covered by FDIC. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its Municipalities and School Districts.

Deposits: All deposits are carried at cost plus accrued interest. FDIC insurance covers up to \$250,000 per depositor, per insured bank for cash in time deposits and up to \$250,000 per depositor, per insured bank for cash in demand deposits. Deposits with a bank balance of \$1,403,963 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	\$ 250,000	\$ 1,153,963	\$ -	\$ 1,403,963

Property Tax Revenue:

Real property taxes are collected by the Town of Mamakating and Town of Walkill (the "Towns") and remitted to the District. No receivable is generated because Town each remits the entire amount due to the District during the tax year.

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 the capital assets.

General Obligation Debt:

Long-term obligations expected to be financed from governmental funds are accounted for in the Non-Current Governmental Liabilities Account Group. The provision to be made in future years' budgets for the repayment of these obligations is also recorded in the Non-Current Governmental Liabilities Account Group.

Fund Balance - Reserves:

Portions of fund balance are segregated for specific purposes and are, therefore, only available for those specific purposes. See Fund Balance Classification: Restricted description.

BLOOMINGBURG JOINT FIRE DISTRICT

Fund Balance Classification:

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

Nonspendable:

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

Restricted:

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

- a. The Truck Repair Fund includes reserve funds established for future repair, improvement, and the acquisition of new truck equipment. The balance at the end of 2016 was \$19,980.
- b. The Real Property Solar Project Fund includes reserve funds established for future acquisitions related to Solar Energy Power Project. The balance at the end of 2016 was \$150,026.
- c. The Pager/Radio Upgrade Fund includes reserve funds established for future repair, improvement and renovation projects. The balance at the end of 2016 was \$60,669.
- d. The Capital Truck/Equipment Fund includes reserve funds established for future acquisition of capital assets. The balance at the end of 2016 was \$659,789.
- e. The Real Property Acquisition Fund includes reserve funds established for future contingencies. The balance at the end of 2016 was \$217,450.
- f. The Bonded indebtedness Fund includes reserve funds established for future mandatory bond payments. The balance at the end of 2016 was \$147,102.

Committed:

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

Assigned:

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

Unassigned:

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

F. PERVASIVENESS OF ESTIMATES

The preparation of financial statements in conformity with the New York State System of Accounts 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, 2016, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is October 09, 2017, which is the date the financial statements were available to be issued.

BLOOMINGBURG JOINT FIRE DISTRICT

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. LENGTH OF SERVICE AWARD PROGRAM

The information contained in this note is based on information for the Bloomingburg Joint Fire District Service Award Program for the plan year ended on March 31, 2018, which is the most recent plan year for which complete information is available. Volunteer Firemen's Insurance Services provided a valuation packet for the plan year ended on March 31, 2018, based on service credits earned for the year ended on December 31, 2016 for the purposes of completing the audit. Information from that report is contained within this footnote.

The Bloomingburg Joint Fire District established a defined benefit Service Award Program (referred to as a "LOSAP" - length of service award program - under Section 457(e)(11) of the Internal Revenue Code) effective March 31, 1998 for the active volunteer firefighter members of the Bloomingburg Joint Fire District. 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 Bloomingburg Joint Fire District is the sponsor of the program and Volunteer Firemen's Insurance Services is the program administrator.

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

Participation, Vesting and Service Credit:

Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program's entitlement age while an active volunteer. The program's entitlement age is 65. An active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of active volunteer firefighting service rendered prior to the establishment of the program as an active volunteer firefighter member of the Bloomingburg Joint Fire District.

Benefits:

A participant's service award benefit is paid as a ten year certain and continuous monthly payment life annuity. The amount payable each month equals \$20 multiplied by the total number of years of service credit earned by the volunteer under the point system. The maximum number of years of service credit a participant may earn is 30 years under the program.

Currently, there are no other forms of payment of a volunteer's earned service award under the program. Except in the case of death or total and permanent disablement, service awards commence to be paid when a participant attains the entitlement age. Volunteers who continue to be active after attaining the entitlement age and beginning to be paid a service award continue to have the opportunity to earn program credit and to thereby increase their service award payments. The program provides death and disability benefits equal to the greater of \$10,000 or the actuarial value of the participant's earned service award at the time of death or disablement. The program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are "self insured" and are paid from the program trust fund.

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

Fiduciary Investment and Control:

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

BLOOMINGBURG JOINT FIRE DISTRICT

The Board of Fire Commissioners has retained Volunteer Firemen's Insurance Services, Inc. (VFIS) to assist in the administration of the program. The services provided by VFIS are described in the following paragraphs.

Based on the certified calendar year volunteer firefighter listings, VFIS 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 Bloomingburg Joint Fire District Service Award Program trust funds to pay the service award. No service award benefit payment is made without the written certification from VFIS and the written directive from the authorized representative of the Board of Fire Commissioners.

VFIS bills the Bloomingburg Joint Fire District for the services it provides. VFIS 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 VFIS invoices from its General Fund.

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

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

Program Financial Condition:

Assets and Liabilities

Actuarial Present Value of Accrued Service Awards as of March 31, 2017	\$	687,961
Total Net Assets Available for Benefits as of December 31, 2016	\$	782,385

Funding Methodology and Actuarial Assumptions:

Normal Costs

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the Entry age normal frozen initial liability method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

Assumed rate of return on program investments 4.75%

Tables used for:

Withdrawal	None
Disability	None
Retirement	U8400
Death (Actives)	U8400
Death (Inactives)	U8400

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

BLOOMINGBURG JOINT FIRE DISTRICT

The following information was compiled for 2016 and is not part of the March 31, 2017 VFIS report.

<u>Receipts and Disbursements</u>	
Plan Net Assets - Beginning	\$ 720,152
Changes during the year	
Plan Contributions	\$ 57,623
Investment Income Earned (including accrued interest)	22,658
Plan Benefit Withdrawals	<u>(18,048)</u>
Plan Net Assets - Ending	<u>\$ 782,385</u>

<u>Contributions</u>	
Amount of District's contribution recommended by actuary:	\$ 57,278
Amount of District's actual contribution:	\$ 57,623

B. ASSETS

Capital Assets:

Property, Buildings and Equipment - A summary of changes in the capital assets during fiscal year 2016 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 551,918	\$ -	\$ -	\$ 551,918
Buildings	3,956,595	-	-	3,956,595
Machinery and Equipment	1,878,901	-	-	1,878,901
Total Capital Assets	<u>\$ 6,387,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,387,414</u>

C. LIABILITIES

Long-Term Debt:

1. The following is a summary of general obligation debt transactions of the District during the year ended December 31, 2016:

	Governmental Activities
Serial Bonds - Beginning	\$ 2,775,000
New Obligations	-
Obligation Payments	<u>(185,000)</u>
Serial Bonds - Ending	<u>\$ 2,590,000</u>

2. General obligation debt payable at December 31, 2016 is comprised of the following individual issues:

Description	Sale Date	Original Borrowing	Interest Rate	Fiscal Year of Final Maturity	Outstanding Principal 2016
Fire House Serial Bond	08/15/2007	\$ 3,900,000	4.00 %	2027	<u>\$ 2,590,000</u>
Total Serial Bonds					<u>\$ 2,590,000</u>

BLOOMINGBURG JOINT FIRE DISTRICT

3. The annual debt service requirements of the bonded indebtedness are as follows:

	Principal	Interest	Total
2017	\$ 190,000	\$ 109,356	\$ 299,356
2018	195,000	101,756	296,756
2019	205,000	93,713	298,713
2020	215,000	85,000	300,000
2021	225,000	75,862	300,862
Thereafter	1,560,000	239,488	1,799,488
Total	<u>\$ 2,590,000</u>	<u>\$ 705,175</u>	<u>\$ 3,295,175</u>

BLOOMINGBURG JOINT FIRE DISTRICT

SUPPLEMENTARY INFORMATION FIRE DISTRICT QUESTIONNAIRE

	Response
1) Has your district adopted a written procurement policy and is it complied with?	Y
2) Has your district contracted to have an independent audit of its financial statements? If not, has the Board of Fire Commissioners performed an internal audit of the Treasurer's records and reports?	Y
3) Does your district have a written travel policy and is it complied with?	N
4) Are monthly bank reconciliations performed?	Y
5) What is your district's statutory spending limitation margin (amount) for the next fiscal year?	\$650,929
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	N
Annuities	N
Life Insurance	Y
Other (describe)	
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
Bloomingburg Joint Fire District
117 Godfrey Rd
Bloomingburg, NY 12721

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 Bloomingburg Joint Fire District, which comprise the balance sheet as of December 31, 2016, and the related statements of results of operation and changes in fund balance and budgetary comparison for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 09, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bloomingburg Joint 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 Bloomingburg Joint Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of Bloomingburg Joint Fire District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and/or significant deficiencies.

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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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bloomingburg Joint 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

Wutsboro, NY
October 09, 2017

BLOOMINGBURG JOINT 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

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

December 28, 2017

The Board of Fire Commissioners of the
Bloomingburg Fire District, a Joint Fire District, in the
Town of Mamakating and the Village of Bloomingburg,
Sullivan County and the Town of Wallkill,
Orange County, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Bloomingburg Fire District (the “Fire District”), a Joint Fire District, in the Town of Mamakating and the Village of Bloomingburg, Sullivan County and the Town of Wallkill, Orange County, New York, 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 \$2,575,000 Fire District Refunding Serial Bonds-2017 (the “Bonds”), dated and delivered on the date hereof.

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

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

1. The Bonds are valid and legally binding general obligations of the Fire District for which the Fire District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Fire District is subject to the levy of ad valorem real estate taxes to pay the Bonds and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to 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 imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations.

The Code establishes certain requirements which must be met subsequent to the issuance of the Bonds in order that the interest on the Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Bonds to become subject to federal income taxation retroactive to 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.

Except as stated above, 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. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, for any facts or circumstances or for any other reason. We express no opinion as to the consequence of any change in law or interpretation thereof, or otherwise, that may hereafter be enacted, arise or occur, and we note that such changes may take place or be proposed from time to time. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel as to the exclusion from gross income for federal income tax purposes of interest on the Bonds, or under state and local tax laws.

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.

“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 **Bloomington Fire District, a Joint Fire District, in the Town of Mamakating and the Village of Bloomington, Sullivan County and the Town of Wallkill, Orange County**, 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 December 14, 2017.

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

“Securities” shall mean the Issuer’s **\$2,575,000 Fire District Refunding Serial Bonds – 2017**, dated December 28, 2017, maturing in various principal amounts on August 15 in each of the years 2018 to 2027, 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, to the EMMA System:

- (i) no later than six (6) months following the end of each fiscal year, commencing with the fiscal year ending December 31, 2018, the Annual Information relating to such fiscal year, together with audited financial statements of the Issuer for such fiscal year if audited financial statements are then available; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be provided with the Annual Information no later than six (6) months following the

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

- (ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Securities:
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults, if material;
 - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) substitution of credit or liquidity providers, or their failure to perform;
 - (6) 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 events affecting the tax status of the Securities;
 - (7) modifications to rights of Securities holders, if material;
 - (8) Bond calls, if material, and tender offers;
 - (9) defeasances;
 - (10) release, substitution, or sale of property securing repayment of the Securities, if material;
 - (11) rating changes;
 - (12) 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;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

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

Section 3. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Securities under the headings "THE FIRE DISTRICT," "ECONOMIC AND DEMOGRAPHIC INFORMATION," "INDEBTEDNESS OF THE FIRE DISTRICT," "FINANCES OF THE FIRE DISTRICT," "TAX INFORMATION" AND "LITIGATION" AND 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 subparagraph (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

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

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

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

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of December 28, 2017.

BLOOMINGBURG FIRE DISTRICT, A JOINT FIRE DISTRICT, IN THE TOWN OF MAMAKATING AND THE VILLAGE OF BLOOMINGBURG, SULLIVAN COUNTY AND THE TOWN OF WALLKILL, ORANGE COUNTY

By _____
Fire District Treasurer and Chief Fiscal Officer