

**Supplement dated
August 15, 2022**

to the

**Preliminary Official Statement
dated August 3, 2022**

relating to

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

**\$4,800,000 FIRE DISTRICT SERIAL BONDS – 2022
(the “Bonds”)**

Introduction

The Preliminary Official Statement for the Bonds is dated **August 3, 2022** (the “Official Statement”). The Inwood Fire District in the Town of Hempstead, Nassau County, New York (the “**Fire District**”) has prepared this Supplement dated **August 15, 2022**, to the Official Statement (the “Supplement”) to update the subheading entitled “Miscellaneous” under heading “TAX MATTERS”.

Other than with respect to the information provided herein, this Supplement is not otherwise updating the Official Statement, which speaks as of its date. Capitalized terms used herein and not otherwise defined have the meanings given to such terms in the Official Statement.

The subheading entitled “Miscellaneous” is hereby updated with the following:

Miscellaneous

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

The Inflation Reduction Act, H.R. 5376 (the “IRA”), has been passed by both houses of Congress and is expected to be signed by the President; as passed, the IRA includes a 15 percent alternative minimum tax to be imposed on the “adjusted financial statement income,” as defined in the IRA, of certain corporations for tax years beginning after December 31, 2022. If the IRA is enacted as passed, interest on the Bonds will be included in the “adjusted financial statement income” of such corporations for purposes of computing such alternative minimum tax.

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

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 3, 2022

NEW ISSUE - SERIAL BONDS

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

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

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

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

\$4,800,000 FIRE DISTRICT SERIAL BONDS – 2022
(the "Bonds")

SEE BOND MATURITY SCHEDULE HEREIN

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

The Bonds maturing on August 15, 2030 and thereafter are subject to redemption prior to maturity, at the option of the Fire District, on August 15, 2029, and thereafter on any date, in accordance with terms described herein. (See "Optional Redemption" under "THE BONDS," herein.)

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

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

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

Proposals for the Bonds will be received at 11:00 A.M. (Prevailing Time) on August 16, 2022 at the offices of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Bonds are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Bonds will be made through the facilities of DTC on or about August 30, 2022 in New York, New York.

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

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

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

\$4,800,000 FIRE DISTRICT SERIAL BONDS – 2022

BOND MATURITY SCHEDULE

Dated: Date of Delivery

Principal Due: August 15, 2023-2039 inclusive
Interest Due: February 15, 2023, August 15, 2023 and semi-annually thereafter on February 15 and August 15 in each year to maturity

<u>Amount*</u>	<u>Maturity</u>	<u>Rate</u>	<u>Price or Yield</u>	<u>CUSIP #</u>
\$ 210,000	2023			
215,000	2024			
220,000	2025			
230,000	2026			
240,000	2027			
250,000	2028			
260,000	2029			
265,000	2030**			
275,000	2031**			
290,000	2032**			
300,000	2033**			
310,000	2034**			
320,000	2035**			
335,000	2036**			
345,000	2037**			
360,000	2038**			
375,000	2039**			

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

**Subject to redemption prior to maturity.

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

188 Doughty Boulevard
Inwood, New York 11096
Telephone: (516) 239-4324
Fax: (516) 239-4970

BOARD OF FIRE COMMISSIONERS

Domenic Andreno
Vincent Castagna
Frank Parise
Anthony M. Rivelli, Sr.
Joseph Reda

Salvatore Evola, Treasurer
Dennis Verriello, District Manager
Heidi Byrne, Assistant District Manager
Frank Parise, Secretary
Rose Lynch, Bookkeeper

FIRE DISTRICT ATTORNEY

Pinsky Law Group
Syracuse, New York

* * *

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

* * *

MUNICIPAL ADVISOR



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

E-mail: info@munistat.com
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

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

\$4,800,000 FIRE DISTRICT SERIAL BONDS – 2022

This Official Statement and the appendices hereto present certain information relating to the Inwood Fire District (the “Fire District”), in the Town of Hempstead (the “Town”), in the County of Nassau, in the State of New York (the “County” and “State,” respectively) in connection with the sale of \$4,800,000 Fire District Serial Bonds – 2022 (the “Bonds”) of the Fire District.

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

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

THE BONDS

Description of the Bonds

The Bonds will be dated the date of delivery, and will mature on August 15 in each of the years 2023 to 2039, inclusive, in the principal amounts as set forth on the inside cover page hereof. Interest on the Bonds will be payable on February 15, 2023, August 15, 2023 and semi-annually thereafter on February 15 and August 15 in each year to maturity.

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

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

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

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

The Fire District will act as Fiscal Agent for the Bonds issued in book-entry form. For those Bonds issued as certificated bonds, the purchaser may be, Paying Agent. Paying Agent fees, if any, will be paid for by the purchaser. The Fire District's contact information is as follows: Salvatore Evola, Treasurer, Inwood Fire District, in the Town of Hempstead, 188 Doughty Boulevard, Inwood, NY 11096, telephone number (516) 239-4324, email: sal@cedarhurst.gov.

Optional Redemption

The Bonds maturing on or before August 15, 2029 will not be subject to redemption prior to maturity. The Bonds maturing on August 15, 2030 and thereafter, will be subject to redemption prior to maturity, at the option of the Fire District, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), on any date on or after August 15, 2029, at the redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

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

Description of Book-Entry System

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Certificated Bonds

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

Authorization and Purpose for the Bonds

The Bonds are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Town Law and the Local Finance Law, and bond resolutions duly adopted by the Fire District Board of Commissioners on December 9, 2021, and approved as propositions by a majority of the qualified voters of the Fire District voting thereon at the Special Election held on February 8, 2022, authorizing the issuance of bonds in the aggregate principle amount of \$4,800,000 to finance a building addition and alterations and improvements to the Fire District headquarters and for the acquisition of a fire truck.

Security and Source of Payment

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

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

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

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

REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

NO DEFAULT STATE

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

BANKRUPTCY

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

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

THE FIRE DISTRICT

Description

The Fire District is situated wholly within the Town of Hempstead and is located on the southwesterly border of Nassau County. The Fire District was established in the year 1927 pursuant to the provisions of Section 38 of Chapter 16 of the Laws of 1909, as amended, and encompasses an area of approximately two square miles. The Fire District lines are coterminous with those of Inwood, an unincorporated area of the Town of Hempstead. The Fire District does not include within its' boundary any part of any incorporated village or city. A large portion of the Fire District fronts on Jamaica Bay, which is accessible to oil tankers. As a consequence, there are a large number of oil and gasoline depots fronting on the Jamaica Bay area. The Fire District is residential in character with commercial and industrial areas. The Fire District is in the Lawrence School District # 15, which provides educational facilities through the high school grades.

The Fire District area had 9,792 residents pursuant to the 2010 Census. The population is currently estimated to be 9,804.

Banking facilities include branch offices of Citibank and Bank of America banks. The area is essentially residential with some light industry and manufacturing units.

Transportation

The Fire District is served by a network consisting of major forms of transportation. The Long Island Rail Road (LIRR MTA) provides passenger rail service to New York City and Brooklyn. The Metropolitan Suburban Bus Authority provides bus service, on a regular schedule, to various areas in the Town, such as the Five Towns area, Lynbrook, Hempstead and Freeport. There is also bus service to and from Jamaica on a regular schedule. The Fire District is easily accessible via Rockaway Turnpike which connects with the Belt Parkway and Peninsula Boulevard, two of the Town of Hempstead's main arteries.

District Organization

The Fire District is governed by a five-member Board of Fire Commissioners. Each Commissioner is elected for a five-year term. Each term is staggered so that every year one Commissioner is elected at large. The Chairman is elected by the Commissioners themselves. There is no limitation as to the number of terms which may be served by members of the Board. The Board appoints a Fire District Treasurer and Fire District Secretary.

Financial Organization

Pursuant to the Local Finance Law, the District Treasurer is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Chairman of the Board of Fire Commissioners. The Treasurer is responsible for all accounting and bookkeeping functions, review and analysis of the financial condition, and providing assistance to the Board in determining future financing needs of the Fire District and preparation of Fire District budgets.

District Facilities

The Fire District currently maintains one Firehouse. Equipment includes one Tower Ladder, two Pumpers, one quint (ladder pumper) two Ambulances, three utility vehicles, two boats and three Chiefs automobiles.

Employees

The Fire District has 24 part-time employees, none of whom is represented by organized labor.

Population

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

	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
Town of Hempstead	755,924	769,040	766,765
County of Nassau	1,334,544	1,339,532	1,355,683
State of New York	18,976,457	19,378,102	19,514,849

Source: U.S. Bureau of the Census.

Income Data

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

	<u>Per Capita Money Income</u>		
	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
Town of Hempstead	\$28,153	\$36,416	\$46,869
County of Nassau	32,151	40,912	53,363
State of New York	23,389	30,948	40,898

	<u>Median Household Income</u>		
	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
Town of Hempstead	\$76,518	\$89,722	\$114,822
County of Nassau	72,030	96,626	120,036
State of New York	43,393	55,603	71,117

Source: United States Bureau of the Census

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

Unemployment Rates

<u>Annual Averages:</u>	<u>Town of Hempstead (%)</u>	<u>Nassau County (%)</u>	<u>New York State (%)</u>
2017	4.2	4.0	4.6
2018	3.7	3.5	4.1
2019	3.6	3.4	4.0
2020	8.9	8.4	10.0
2021	4.7	4.5	6.9
2022 (4 Month Average)	3.4	3.2	4.8

Source: Department of Labor, State of New York

Major Non-Government Employers Located in Nassau County (As of 2021)

<u>Name</u>	<u>Type of Business</u>	<u>Estimated Number of Employees</u>
Verizon Communications	Telecommunications	5,600
Hofstra University	Higher Education	5,545
Nassau Health Care Corp. (NuHealth)	Hospital, Nursing Home	4,110
All Metro Health Care	Home Health Care	4,000
BOCES - Nassau	Education	3,900
South Nassau Communities Hospital	Hospital	3,000
Nassau Community College	Higher Education	2,036
Citi	Commercial Bank	2,000
Adelphi University	Higher Education	1,863
Summit Security Services	Security and Investigations	1,827

Source: Nassau County Planning Dept.; Long Island Business News.

INDEBTEDNESS OF THE FIRE DISTRICT

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

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

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

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

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

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

Statutory Procedure

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

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

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

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

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

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

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

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

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

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

Computation of Constitutional Debt Contracting Margin
(As of August 3, 2022)

<u>In Towns of:</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate (%)</u>	<u>Full Valuation</u>
Hempstead (2021-2022)	\$3,621,120	0.19	\$1,905,852,632
Debt Limit - 3% of Full Valuation			\$57,175,579
Inclusions:			
Outstanding Bonds			\$0
Bond Anticipation Notes			<u>0</u>
Total Indebtedness			<u>0</u>
Exclusions			<u>0</u>
Total Net Indebtedness			<u>0</u>
Net Debt Contracting Margin			<u><u>\$57,175,579</u></u>
Per Cent of Debt Contracting Margin Exhausted			0.00%

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

Debt Service Requirements – Installment Purchase Contract

Fiscal Year Ending <u>December 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 37,917	\$ 10,018	\$ 47,935
2023	39,045	88,901	127,945
2024	40,206	7,729	47,935
2025	41,402	6,534	47,935
2026	42,633	5,302	47,935
2027	43,901	4,034	47,935
2028	45,206	2,729	47,935
2029	<u>46,551</u>	<u>1,384</u>	<u>47,935</u>
Totals:	<u><u>\$336,860</u></u>	<u><u>\$126,632</u></u>	<u><u>\$463,492</u></u>

Details of Short-Term Indebtedness Outstanding

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

Trend of Outstanding Indebtedness

	Fiscal Year Ending December 31:				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Bonds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Installment Purchase Debt	0	413,598	410,000	373,683	336,861
BAN's	0	0	0	0	0
Total Debt Outstanding	\$ 0	\$413,598	\$410,000	\$373,683	\$336,861

Sources: District Officials.

Authorized but Unissued Debt

The Fire District has authorized but unissued debt in the amount of \$4,800,000. The Bonds will finance such authorized amount.

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Nassau	06/23/2022	0.40	\$15,152,444	\$14,164,496
Town of Hempstead	04/27/2022	1.11	5,333,666	3,985,244
Lawrence Union Free School District	06/30/2021	15.53	0	0
		Totals:	\$20,486,110	\$18,149,740

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

Debt Ratios (As of August 3, 2022)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage Of Full Value (%)^b</u>
Total Direct Debt	\$ 0	\$ 0	0.00
Net Direct Debt	0	0	0.00
Total Direct & Applicable Total Overlapping Debt	310,061,392	5,346	3.37
Net Direct & Applicable Net Overlapping Debt	228,106,158	3,933	2.48

a. The current estimated population of the Fire District is 9,804.

b. The 2021-2022 full valuation of taxable real property in the Fire District is \$1,905,852,632.

FINANCES OF THE FIRE DISTRICT

Impact of COVID-19

The District incurred certain expenses associated with the COVID-19 pandemic, including but not limited to, masks, face shields, gloves, hand sanitizers and cleaning supplies. The District paid such costs from budgetary appropriations and expects to receive reimbursement through FEMA. The increased costs described above did not have a material adverse impact on the finances of the District. The District does not foresee any material financial impact for the 2022 and 2023 fiscal years.

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 (“ARPA”). Included in this bill was \$350 billion in direct aid to state and local governments. Payments to local governments will be made in two tranches, the first half 60 days after enactment and the second half one year later. The funding is available through, and must be spent by, September 30, 2024.

Specifically, eligible uses of the aid include: (i) revenue replacement for the provision of government services to the extent the reduction in revenue is due to the COVID-19 public health emergency relative to revenues collected in the most recent fiscal year prior to the emergency; (ii) premium pay for essential workers; (iii) assistance to small businesses, households, and hard-hit industries, and economic recovery; and (iv) investments in water, sewer and broadband infrastructure. The bill also contains two restrictions on eligible uses: (i) funds cannot be used to directly or indirectly offset tax reductions or delay a tax increase; and (ii) funds cannot be deposited into any pension fund.

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 2021, the audit was performed by the firm Craig, Fitsimmons and Meyer, LLP and is attached as Appendix B. In addition, the Fire District also prepares an unaudited Annual Financial Report Update Document (“AUD”) that is filed with the State annually. The AUD is not audited and is not prepared in accordance with GAAP.

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

The Statements of Revenues, Expenditures and Changes in Fund Balances presented in Appendix A of this Statement are based on the Financial Statements for the 2017-2021 fiscal years.

Investment Policy

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

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

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

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

Service Award Program

Length of service Awards Program - LOSAP

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

Program Description

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

Participation, Vesting and Service Credit

Active volunteer firefighters who have reached the age of 18 and who have completed 1 year of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to a service award after being credited with 5 years of firefighting service or upon attaining the program’s entitlement age. The program’s entitlement age is age 60. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulated fifty (50) points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for 5 years of firefighting service rendered prior to the establishment of the program.

Benefits

A participant’s benefit under the program is the actuarial equivalent of a monthly payment for life equal to \$30 multiplied by the person’s total number of years of firefighting service credited service prior to 2005 plus \$30 multiplied by the person’s total number of years of credited service after 2004. Additionally, the number of years of credited service prior to 1991 is limited to 5 years. The total number of years of firefighting service used to compute the benefit cannot exceed forty (40). Benefits are not payable until age 60. On and after that date, except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandated death and disability benefits.

The Fire District contributions to the LOSAP:

<u>Fiscal Year Ending</u> <u>December 31:</u>	<u>LOSAP</u>
2017	\$160,500
2018	274,803
2019	186,153
2020	247,559
2021	332,867
2022 (Budgeted)	191,028

Employee Pension System

Substantially all employees of the Fire District are members of the New York State and Local Employees' Retirement System (the "Retirement System"). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement Systems Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service for employees hired prior to January 1, 2010. The Retirement System Law generally provides that all participating employers in the Retirement Systems are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 must contribute three percent of their gross annual salary towards the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. On December 10, 2009, the Governor signed into law the creation of a new Tier V, which is effective for new Retirement System employees hired after January 1, 2010 and before April 1, 2012. Retirement System employees in Tier V contribute 3% of their salaries and there is no provision for these contributions to cease for Tier V employees after a certain period of service. Additionally, on March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new Retirement System employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Effective April 9, 2022, Tier V and Tier VI employees will vest in the system after five years of employment and will continue to make employee contributions throughout employment.

It is anticipated that the employer contribution rate for the State's Retirement System in future years may be significantly higher than the minimum contribution rate established under applicable law. The Office of the New York State Comptroller has informed participating employers that due to the global economic crisis of 2008-2009, the rate of return of the pension fund experienced significant declines and consequently, for several years, contribution rates increased. The Employer Contribution Stabilization Program, signed into law on August 11, 2010 gives local governments the option to amortize a portion of annual pension costs. Amortizations are paid in equal installments over a ten-year period at an interest rate that is set annually. Under such legislation, local governments and school districts that choose to amortize will be required to set aside and reserve funds for certain future rate increases. The legislation also authorizes local governments and school district to establish reserve accounts to fund future payment increases that are a result of fluctuations in pension plan performance. In 2022 the Fire District opened the retirement system to all part-time employees thus making twenty-four employees now eligible to participate in the system. The Fire District has not amortized any payments nor does it intend to do so.

The Fire District contributions to the Retirement System are as follows:

Fiscal Year Ending	
<u>December 31:</u>	<u>ERS</u>
2017	\$2,651
2018	2,689
2019	3,486
2020	2,735
2021	2,892
2022 (Budgeted)	73,435

Budgetary Procedures

The Fire District's fiscal year begins on January 1 and ends on December 31. The Board of Fire Commissioners, with the assistance of the Treasurer, prepares a budget each year. The budget is then adopted by the Board of Fire Commissioners as its final budget for the ensuing fiscal year. The budget is submitted to the Town of Hempstead which levies taxes for Fire District purposes.

Revenues

The Fire District receives most of its revenue from a real property tax on all non-exempt real property situated within the Fire District. A summary of such revenues for the five most recently completed fiscal years and the amounts budgeted for 2021 and 2022 may be found in Appendix A.

Real Property Taxes

See "Tax Information", herein.

Expenditures

A summary of such Expenditures for the five most recently completed fiscal years and the amounts budgeted for 2021 and 2022 may be found in Appendix A.

TAX INFORMATION

Real Property Taxes

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

The following table sets forth the percentage of the Fire District's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2017 through 2021, inclusive and the amount budgeted for the 2022 fiscal year.

Fiscal Year Ending <u>December 31:</u>	<u>Total Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues (%)</u>
2017	\$1,819,752	\$1,387,374	76.24
2018	1,659,140	1,412,483	85.13
2019	1,688,042	1,425,098	84.42
2020	1,782,406	1,453,169	81.53
2021	1,908,103	1,475,815	77.34
2022 (Budgeted)	1,810,359	1,505,175	83.14

Sources: Audited Financial Statements (2017-2021), and Adopted Budget of the Fire District (2022),

Tax Collection Procedure

Real property tax payments are due in two equal installments. First half taxes may be paid without penalty to February 10, and second half taxes may be paid without penalty to August 10. Penalties for delinquent tax payments are 1% per month.

The Town Receiver of Taxes collects all real estate taxes for the Town, County, Fire District and special district purposes on a single bill. The Town Receiver of Taxes distributes the collected tax money to both the Town and the Fire District prior to distributing the balance collected to the county. The Fire District thereby is assured of 100% tax collection.

Tax Levy Limit Law

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

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

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

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

Valuations, Rates and Levies

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

Selected Listing of Large Taxable Properties Located in Lawrence Union Free School District^a 2021-22 Assessment Roll

<u>Name</u>	<u>Assessed Valuation</u>
Keyspan Gas East Corp	\$565,473
Rockaway Realty Associates	528,562
LI American Water Corp	349,455
Ronny's Bay LLC	322,132
Atlantic Beach Development Corp	287,583
Rockaway 605 Summer LLC	239,379
Three 60 Central Ave Tenants	154,549
Vornado Burnside Plaza	130,564
Equilon Enterprises LLC	124,813
New Nautilus of Atlantic Beach	113,691
	<hr/>
	\$2,816,201 ^b
	<hr/>

a. Largest Taxable Properties located within the Fire District is not available. The chart referenced above reflects Largest Taxable Properties located in the Lawrence Union Free School District and is not necessarily representative of the District.

b. Represents 77.77% of the 2021-22 Assessed Valuation of the Fire District.

LITIGATION

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

RISK FACTORS

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

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

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

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

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

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

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

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

CYBERSECURITY

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

TAX MATTERS

Opinion of Bond Counsel

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

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

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

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

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

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

Original Issue Discount

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

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

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

Bond Premium

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

Information Reporting and Backup Withholding

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

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

Miscellaneous

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

The Inflation Reduction Act, H.R. 5376 (the “IRA”), has been passed by both houses of Congress and is expected to be signed by the President; as passed, the IRA includes a 15 percent alternative minimum tax to be imposed on the “adjusted financial statement income,” as defined in the IRA, of certain corporations for tax years beginning after December 31, 2022. If the IRA is enacted as passed, interest on the Bonds will be included in the “adjusted financial statement income” of such corporations for purposes of computing such alternative minimum tax.

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

LEGAL MATTERS

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

DISCLOSURE UNDERTAKING

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

BOND RATING

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

MUNICIPAL ADVISOR

Munistat Services, Inc. (the “Municipal Advisor”), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the Fire District on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has 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 Salvatore Evola, Treasurer, Inwood Fire District in the Town of Hempstead, 188 Doughty Boulevard, Inwood, NY 11096, telephone number (516) 239-4324, email: sal@cedarhurst.gov, or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: <http://www.munistat.com>.

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

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

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

INWOOD FIRE DISTRICT,
IN THE TOWN OF HEMPSTEAD, NEW YORK

By Salvatore Evola
Fire District Treasurer and Chief Fiscal Officer
Inwood Fire District, in the Town of Hempstead
Inwood, New York

August , 2022

APPENDIX A

FINIANCIAL INFORMATION

Balance Sheet
Governmental Funds

	Fiscal Year Ended December 31:	
	2020	2021
Assets:		
Cash in Demand Deposits	\$ 1,875,572	\$ 1,910,030
Accounts Receivables	34,191	34,452
Due from Other Funds	69,500	247,007
Prepaid Expenditures	19,821	75,097
Service Award Program Assets	2,841,804	2,808,373
Total Assets	\$ 4,840,888	\$ 5,074,959
Liabilities:		
Accounts Payable	\$ 80,575	\$ 61,355
Accrued Liabilities	9,917	8,978
Due to Other Funds	69,500	247,007
Total Liabilities	159,992	317,340
Fund Balances:		
Restricted	4,046,259	4,126,095
Nonspendable	19,821	75,097
Assigned	185,834	7,500
Unassigned	428,982	548,927
Total Fund Balances	4,680,896	4,757,619
Total Liabilities and Fund Balances	\$ 4,840,888	\$ 5,074,959

Note: This Schedule is NOT Audited.

Source: Audited Financial Statements (2020-2021)

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

	Fiscal Year Ended December 31:				
	2017	2018	2019	2020	2021
Revenues:					
Real Property Taxes	\$ 1,387,374	\$ 1,412,483	\$ 1,425,098	\$ 1,453,169	\$ 1,475,815
Payment in Lieu of Taxes	168,837	165,783	162,872	184,141	197,447
Fire Protection Contract	17,340	17,513	17,513	17,513	17,776
Interest and Earnings	2,745	10,199	14,723	5,466	122,236
Rentals	140	70	210	7,722	5,621
Sale of Apparatus and Equipment	2,100		61,500	18,000	88,000
Refunds of Prior Year's Expenditures	2,615		1,807	6,830	1,208
Insurance Recoveries			4,319		
Other Unclassified - LOSAP				89,565	
Grants from Local Governments	27,615				
Federal Aid & Other Public Safety	210,986	14,564			
Miscellaneous		38,528			
Total Revenues	1,819,752	1,659,140	1,688,042	1,782,406	1,908,103
Expenditures:					
Personal Services	196,228	230,933	280,530	383,817	404,653
Equipment and Capital Outlay	73,762	350,106	483,593	133,069	151,389
Fire Protection - Contractual	569,867	614,098	720,345	706,640	733,379
NYS Retirement	2,651	2,689	3,486	2,735	2,892
Local Pension Fund	160,500	274,803	186,153		332,867
Length of Service Award Program				247,559	
Social Security	14,877	17,551	21,010	35,534	30,959
Workers' Compensation	178,536	143,850	125,879	96,787	96,255
Life Insurance	16,199	15,206	11,416	14,273	16,970
Unemployment Insurance	1,781	1,513	1,277	1,242	4,789
Disability Insurance	340	460	8,761	8,816	9,292
Installment Purchase Debt - Principal	228,978			36,317	36,822
Installment Purchase Debt - Interest	16,606			11,618	11,113
Total Expenditures	1,460,325	1,651,209	1,842,450	1,678,407	1,831,380
Other Sources (Uses):					
Operating Transfers In	75,000	433,000		175,112	409,960
Operating Transfers Out	(75,000)	(433,000)		(175,112)	(409,960)
Total Other Sources	0	0	0	0	0
Excess (Deficiency) of Revenues Over Expenditures & Other Uses	359,427	7,931	(154,408)	103,999	76,723
Fund Equity Beginning of Year	1,529,215	1,888,642	1,896,573	1,742,165	4,680,896
Prior Period Adjustment				2,834,732 ^a	
Fund Equity End of Year	\$ 1,888,642	\$ 1,896,573	\$ 1,742,165	\$ 4,680,896	\$ 4,757,619

Note: This Schedule is NOT Audited.

Source: Audited Annual Financial Statements (2017-2021)

a. Adoption of New Accounting Standard: During 2020, the Fire District adopted the provisions of OSC Accounting Bulletin -*Accounting and Reporting for Fiduciary Activities as Required by GASB Statement 84*. The accounting bulletin establishes criteria for identifying fiduciary activities for all New York local governments. The focus of this criteria generally is on: (1) whether a government is controlling the assets of the fiduciary activities; and (2) the beneficiaries with whom a fiduciary relationship exists. As a result of adopting this accounting bulletin the Fire District has determined that its LOSAP plan assets no longer meet the definition of a fiduciary activity. The Fire District now reports LOSAP plan assets and related activity within the General Fund. The Fire District restated its opening General Fund balance by \$2,834,732 to include LOSAP assets previously reported in the trust and agency fund.

BUDGET SUMMARIES

	Fiscal Years Ending December 31:	
	2021	2022
Revenues:		
Tax Levy	\$ 1,475,815	\$ 1,505,175
Fire Protection	27,734	25,542
Interest and Earnings	1,200	
Rentals	6,900	6,732
PILOTS	150,000	185,000
Refund of Prior Years Expenditures		10,410
Miscellaneous Grants		70,000
Fund Balance	185,834	7,500
Total Revenues	\$ 1,847,483	\$ 1,810,359
Expenditures:		
Salaries & Pension	\$ 345,000	\$ 429,400
Equipment Outlay	65,100	67,053
Administrative	121,500	125,145
Utilities	191,200	244,990
Firefighters' Expenses	95,900	115,239
Building	55,000	56,650
Fire Equipment and Alarm	128,000	131,840
Contingencies	555,963	84,666
Insurance	32,200	434,006
State Retirement System	47,935	73,435
Bonds and Notes	209,685	47,935
Fund Transfers		
Total Expenditures	\$ 1,847,483	\$ 1,810,359

Source: Adopted Budgets of the Fire District.

FINANCIAL INFORMATION

Assessed and Full Valuations

	Fiscal Year Ending June 30:				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assessed Valuation:					
Town of:					
Hempstead	\$ <u>3,336,824</u>	\$ <u>3,526,943</u>	\$ <u>3,435,617</u>	\$ <u>3,395,360</u>	\$ <u>3,621,120</u>
Total Assessed Valuation	\$ <u><u>3,336,824</u></u>	\$ <u><u>3,526,943</u></u>	\$ <u><u>3,435,617</u></u>	\$ <u><u>3,395,360</u></u>	\$ <u><u>3,621,120</u></u>
Equalization Rates:					
Town of:					
Hempstead	0.26%	0.24%	0.22%	0.18%	0.19%
Full Valuation :					
Town of:					
Hempstead	\$ <u>1,283,393,846</u>	\$ <u>1,469,559,583</u>	\$ <u>1,561,644,091</u>	\$ <u>1,886,311,111</u>	\$ <u>1,905,852,632</u>
Total Full Valuation	\$ <u><u>1,283,393,846</u></u>	\$ <u><u>1,469,559,583</u></u>	\$ <u><u>1,561,644,091</u></u>	\$ <u><u>1,886,311,111</u></u>	\$ <u><u>1,905,852,632</u></u>

**INWOOD FIRE DISTRICT,
IN THE TOWN OF HEMPSTEAD**

APPENDIX B

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

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



Craig, Fitzsimmons & Meyer, LLP

CERTIFIED PUBLIC ACCOUNTANTS

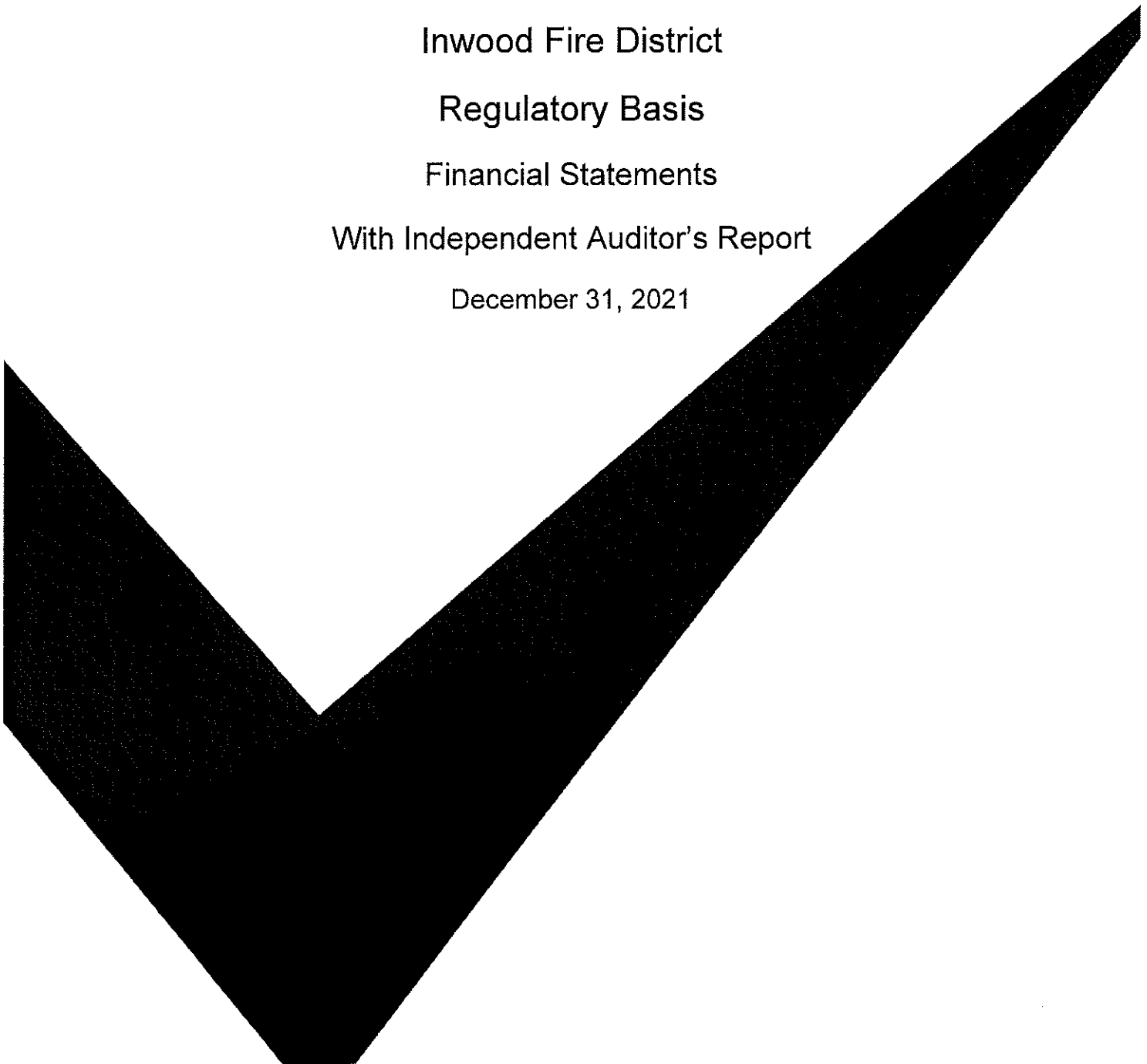
Inwood Fire District

Regulatory Basis

Financial Statements

With Independent Auditor's Report

December 31, 2021



INWOOD FIRE DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners of
Inwood Fire District
188 Doughty Blvd
Inwood, NY 11096

Report on the Financial Statements (Regulatory Basis)

Opinions

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

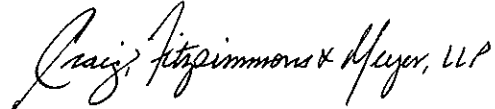
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Craig Fitzsimmons & Meyer, LLP". The signature is written in black ink and is positioned to the right of the date and location text.

Smithtown, NY
June 15, 2022

Inwood Fire District
Regulatory Basis
Financial Statements
December 31, 2021

INWOOD FIRE DISTRICT

COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS AND ACCOUNT GROUPS - REGULATORY BASIS

DECEMBER 31, 2021

	<u>Governmental Funds</u>			<u>Account Groups</u>		
	<u>General Operating</u>	<u>Capital Reserve</u>	<u>Service Award Program</u>	<u>Total Governmental Funds</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>
ASSETS						
Cash in demand deposits	\$ 345,301	\$ 1,564,729	\$ -	\$ 1,910,030	\$ -	\$ -
Accounts receivable	34,452	-	-	34,452	-	-
Due from other funds	247,007	-	-	247,007	-	-
Prepaid expenditures	75,097	-	-	75,097	-	-
Service award program assets	-	-	2,808,373	2,808,373	-	-
Land, buildings, and equipment	-	-	-	-	5,978,173	-
Amounts to be provided for in future budgets	-	-	-	-	-	3,545,541
Total assets	\$ 701,857	\$ 1,564,729	\$ 2,808,373	\$ 5,074,959	\$ 5,978,173	\$ 3,545,541
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 61,355	\$ -	\$ -	\$ 61,355	\$ -	\$ -
Accrued liabilities	8,978	-	-	8,978	-	-
Due to other funds	-	247,007	-	247,007	-	-
Service award program payable	-	-	-	-	-	3,208,619
Net pension liability - proportionate share	-	-	-	-	-	61
Installment purchase debt	-	-	-	-	-	336,861
Total liabilities	70,333	247,007	-	317,340	-	3,545,541
FUND BALANCES						
Non-current government assets	-	-	-	-	5,978,173	-
Restricted funds	-	-	-	-	-	-
Apparatus reserve	-	614,763	-	614,763	-	-
Building reserve	-	653,013	-	653,013	-	-
Radio reserve	-	49,946	-	49,946	-	-
Service award program	-	-	2,808,373	2,808,373	-	-
Nonspendable	75,097	-	-	75,097	-	-
Assigned appropriated	7,500	-	-	7,500	-	-
Unassigned	548,927	-	-	548,927	-	-
Total fund balances	631,524	1,317,722	2,808,373	4,757,619	5,978,173	-
Total liabilities and fund balances	\$ 701,857	\$ 1,564,729	\$ 2,808,373	\$ 5,074,959	\$ 5,978,173	\$ 3,545,541

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

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

	<u>Governmental Funds</u>			Total Governmental Funds
	<u>General Operating</u>	<u>Capital Reserve</u>	<u>Service Award Program</u>	
<u>REVENUES</u>				
Real property taxes	\$ 1,475,815	\$ -	\$ -	\$ 1,475,815
Payments in lieu of taxes	197,447	-	-	197,447
Fire protection contract	17,776	-	-	17,776
Interest and earnings	216	1,274	120,746	122,236
Rentals	5,621	-	-	5,621
Sale of apparatus and equipment	88,000	-	-	88,000
Refunds of prior year's expenditures	1,208	-	-	1,208
	<u>1,786,083</u>	<u>1,274</u>	<u>120,746</u>	<u>1,908,103</u>
Total revenues				
<u>EXPENDITURES</u>				
Personal services	404,653	-	-	404,653
Equipment and capital outlay	42,882	108,507	-	151,389
Fire protection - contractual	722,609	-	10,770	733,379
NYS retirement	2,892	-	-	2,892
Length of service award program	-	-	332,867	332,867
Social security	30,959	-	-	30,959
Workers' compensation	96,255	-	-	96,255
Life insurance	16,970	-	-	16,970
Unemployment Insurance	4,789	-	-	4,789
Disability insurance	9,292	-	-	9,292
Installment purchase debt, principal	36,822	-	-	36,822
Installment purchase debt, interest	11,113	-	-	11,113
	<u>1,379,236</u>	<u>108,507</u>	<u>343,637</u>	<u>1,831,380</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>406,847</u>	<u>(107,233)</u>	<u>(222,891)</u>	<u>76,723</u>
<u>OTHER FINANCING SOURCES AND (USES)</u>				
Operating transfers in	-	220,500	189,460	409,960
Operating transfers (out)	(409,960)	-	-	(409,960)
	<u>(409,960)</u>	<u>220,500</u>	<u>189,460</u>	<u>-</u>
Total other financing sources and (uses)				
Net Change in Fund Balances for Year	(3,113)	113,267	(33,431)	76,723
Fund Balances - Beginning of Year	<u>634,637</u>	<u>1,204,455</u>	<u>2,841,804</u>	<u>4,680,896</u>
Fund Balances - End of Year	<u>\$ 631,524</u>	<u>\$ 1,317,722</u>	<u>\$ 2,808,373</u>	<u>\$ 4,757,619</u>

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

INWOOD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Summary of Significant Accounting Policies

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

A full discussion of the modified accrual basis of accounting as prescribed by the USA is found in note 1(d) which follows.

The significant accounting policies of the District are described below:

a. Financial Reporting Entity

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

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

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

b. Basis of Presentation

Fund Financial Statements

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

INWOOD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Summary of Significant Accounting Policies – continued

b. Basis of Presentation – continued

Fund Financial Statements – continued

The fund financial statements provide information about the District's funds, and account groups. Each fund category and account group is separately presented in these financial statements. The District's financial statements reflect the following fund types and account groups:

Governmental Fund Types

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

- I. General Operating Fund – the general fund is the principal operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- II. General Capital Reserve Fund – the capital reserve fund is used to account for the accumulation of financial resources and the disbursements for the acquisition, construction or renovation of major capital facilities, or equipment. These funds were established within the provisions of New York State Municipal Law. Capital Reserve Fund expenditures may only be disbursed for the purpose which the fund was established. Expenditures from this "type" of reserve fund require Board resolution, subject to a permissive referendum. Interest earned on reserve fund resources become part of the respective capital reserve fund.
- III. Service Award Program Fund – the service award program fund is used to account for the accumulation of financial resources and related expenditures of the defined benefit length of service award program for the Department's active volunteer firefighters. This fund was established within the provisions of New York State Municipal Law. The program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters.

c. Account Groups

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

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

INWOOD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Summary of Significant Accounting Policies – continued

d. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures and the related assets, deferred outflows, liabilities and deferred inflows are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured (i.e., expenditures or expenses).

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

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

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

e. Cash in Demand Deposits

Cash in demand deposits consist of monies held in interest bearing accounts with original maturities of three months or less from the date of acquisition.

f. Cash in Reserves

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

g. Property Taxes

Real property taxes are levied annually by the District no later than November 1st and become a lien on December 1st. Taxes are collected during the period December 1st to May 31st. The District's tax levy is collected by the Town of Hempstead and then remitted to the District. The County of Nassau is responsible for all uncollected taxes.

h. Accounts Receivable

Accounts receivable for fire protection services and grants earned are shown gross, which in the opinion of the District is the net realizable value.

INWOOD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Summary of Significant Accounting Policies – continued

i. Prepaid Expenditures

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

j. Interfund Transfers

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

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

k. Accrued Liabilities and Long-Term Obligations

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

l. General Fixed Assets

The modified accrual basis of accounting requires that general fixed assets purchased in the current year be recorded as an expenditure in the respective governmental fund at the time of purchase. These assets are tracked in the General Fixed Assets Account Group at historical cost.

Current year purchases are recorded as additions and assets removed from inventory are deleted at their historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital threshold, the dollar value above which asset acquisitions are added to the capital asset accounts, are reported as follows:

	Capitalization Threshold
Buildings	\$5,000
Furnishing and Equipment	\$5,000

m. Fund Balance and Equity Classifications

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

INWOOD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Summary of Significant Accounting Policies – continued

m. Fund Balance and Equity Classifications – continued

Fund balance is broken down into five different classifications: nonspendable, restricted, committed, assigned, and unassigned.

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

Restricted consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. Restricted funds include capital reserves which are used to finance all or part of the cost of construction, reconstruction or acquisition of a specific or type of capital improvement or acquisition of a specific item or items or type of equipment.

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

Assigned consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. The Board of Commissioners by resolution has authorized the District Treasurer to assign fund balance. At December 31, 2021 assigned fund balance amounted to \$7,500 and will be used to underwrite 2022's budgeted appropriations.

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

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

Portions of fund balance are reserved or designated to either satisfy legal restrictions or to plan for future expenditures. Interest earned on reserve fund resources becomes part of the respective reserve fund. While a separate bank account is not necessary for each reserve fund, a separate identity for each reserve fund must be maintained.

n. Total Columns of the Financial Statements

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

INWOOD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Summary of Significant Accounting Policies – continued

o. Use of Estimates

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

p. Reclassifications

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

q. Compensated Absences

Presently all of the District's staff are part-time or per diem employees. Due to this status, none of the employees earn paid time off. Therefore, there is no accumulation outstanding District obligation for compensated absences as of December 31, 2021.

r. Stewardship, Compliance, Accountability

i. Budgetary Procedures

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

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

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

In April 2019, New York State made permanent the provisions of Chapter 97 of the Laws of 2011 (Tax Cap Law). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of real property taxes that may be levied by the Fire District in a particular year, beginning with the 2012 budget year. The growth of the District's annual levy is limited to the lesser of two percent or the annual change in the national unadjusted Consumer Price Index for All Urban Consumers – All Items (CPI-U), subject to certain limited exceptions and adjustments. The District's annual levy for 2021 did not exceed the New York State Tax Cap.

INWOOD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. Summary of Significant Accounting Policies – continued

r. Stewardship, Compliance, Accountability – continued

ii. Encumbrances

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

iii. Budget Basis of Accounting

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

s. Deferred Outflows/Inflows of Resources

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

The District had deferred inflows and outflows related to pensions at December 31, 2021 as further detailed in Note 6 to these financial statements.

2. Deposits with Financial Institutions and Investments

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

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

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

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

INWOOD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

2. Deposits with Financial Institutions and Investments – continued

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

3. General Fixed Assets

The District maintains its land, land improvements, buildings and equipment at historical cost. Capital asset balances as of and activity for the year ended December 31, 2021 were as follows:

	<u>Balance</u> <u>1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance</u> <u>12/31/2021</u>
Land	\$ 56,034	\$ -	\$ -	\$ 485,966	\$ 542,000
Buildings	1,596,111	-	-	(361,701)	1,234,410
Improvements other than buildings	-	-	-	359,600	359,600
Furnishings and equipment	3,050,522	128,883	-	639,908	3,819,313
Construction in process	<u>613,598</u>	<u>22,850</u>	<u>-</u>	<u>(613,598)</u>	<u>22,850</u>
	<u>\$ 5,316,265</u>	<u>\$ 151,733</u>	<u>\$ -</u>	<u>\$ 510,175</u>	<u>\$ 5,978,173</u>

It is important to note that the District underwent a complete general fixed asset inventory appraisal during the year ended December 31, 2021. This inventory appraisal resulted in an adjustment increasing the fixed asset register by \$510,175. There was no impact on general fund balance or activities as a result of this adjustment.

4. Interfund Transactions

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

	<u>Interfund</u> <u>Revenues</u>	<u>Interfund</u> <u>Expenses</u>	<u>Interfund</u> <u>Receivables</u>	<u>Interfund</u> <u>Payables</u>
General Operating Fund	\$ -	\$ 409,960	\$ 247,007	\$ -
Apparatus Reserve	220,500	-	-	200,000
Building Reserve	-	-	-	47,007
Service Award Program	<u>189,460</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 409,960</u>	<u>\$ 409,960</u>	<u>\$ 247,007</u>	<u>\$ 247,007</u>

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

INWOOD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

5. Capital Reserve Activity

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

	<u>Apparatus</u>	<u>Building</u>	<u>Radio</u>	<u>Total</u>
Fund Balance - Beginning of Year	\$ 455,259	\$ 699,250	\$ 49,946	\$ 1,204,455
Interest and earnings	504	770	-	1,274
Equipment and capital outlay	(61,500)	(47,007)	-	(108,507)
Operating transfers in	<u>220,500</u>	<u>-</u>	<u>-</u>	<u>220,500</u>
Fund Balance - End of Year	<u>\$ 614,763</u>	<u>\$ 653,013</u>	<u>\$ 49,946</u>	<u>\$ 1,317,722</u>

6. Pension Plans

New York State and Local Employees' Retirement System

Plan Description

The District participates in the New York State and Local Employees' Retirement System (ERS or System). The System is a cost-sharing, multiple-employer, defined benefit retirement system. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in the fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the New York State Retirement and Social Security Law (NYSRSSL). Once an employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of State stature. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds. The system issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained in writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244 or may be found at <http://www.osc.state.ny.us/retire/publications/index.php>.

Benefits Provided

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

Tiers 1 and 2

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

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service.

INWOOD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

6. Pension Plans – continued

New York State and Local Employees' Retirement System – continued

Benefits Provided – continued

Tiers 1 and 2 – continued

Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

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

Tiers 3, 4, and 5

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

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

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

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

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

INWOOD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

6. Pension Plans – continued

New York State and Local Employees' Retirement System – continued

Benefits Provided – continued

Tier 6 – continued

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

Ordinary Disability Benefits

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

Accidental Disability Benefits

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

Ordinary Death Benefits

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

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit.

The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten (10) years of membership and employees who joined on or after January 1, 2010 who generally contribute 3% of their salary for the entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

INWOOD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

6. Pension Plans – continued

New York State and Local Employees' Retirement System – continued

Contributions – continued

Under authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
District contributions	\$ 2,892	\$ 2,735	\$ 3,486

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

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

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

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

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

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

INWOOD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

6. Pension Plans – continued

New York State and Local Employees' Retirement System – continued

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

At December 31, 2021 the District reported a liability of \$61 for its proportionate share of net pension liability in the General Long-Term Debt Account Group. The net pension liability was measured as of March 31, 2021, and the total pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2021 the District's proportion was .0000614%. For the year ended December 31, 2021 the District recognized pension expense of \$2,892. The District made a contribution subsequent to the measurement date in the amount of \$2,642; under a GAAP presentation this would be considered a deferred outflow of resources. However, under the modified accrual basis of accounting, \$1,981 was expensed and \$661 was recorded as a prepaid expenditure in the general operating fund. Under a GAAP presentation, the District would have reported deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2021 from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 747	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	17,563
Changes of assumptions	11,241	212
Changes in proportion and differences between employer contribution and proportionate share of contributions	2,583	338
Employer contributions subsequent to the measurement date	<u>2,642</u>	<u>-</u>
Total	<u>\$ 17,213</u>	<u>\$ 18,113</u>

The District made contributions subsequent to measurement date of \$2,642, this contribution will be recognized as a reduction of the net pension liability in the plan year ending March 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized as pension expense under a GAAP basis as follows:

Years ending December 31,:	
2022	\$ (431)
2023	228
2024	(412)
2025	<u>(2,927)</u>
Total	<u>\$ (3,542)</u>

INWOOD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

6. Pension Plans – continued

New York State and Local Employees' Retirement System – continued

Actuarial Assumptions

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

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

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

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

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

Long Term Expected Rate of Return 2021

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

The real rate of return is net of the long-term inflation assumption of 2.0%.

INWOOD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

6. Pension Plans – continued

New York State and Local Employees' Retirement System – continued

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease <u>(4.9%)</u>	Current Assumption <u>(5.9%)</u>	1% Increase <u>(6.9%)</u>
District's proportionate share of the net pension liability (asset)	\$ 16,970	\$ 61	\$ (15,532)

Pension Plan Fiduciary Net Position

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

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

INWOOD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

7. Length of Service Awards Program - LOSAP

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

Program Description

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

Participation, Vesting and Service Credit

Active volunteer firefighters who have reached the age of 18 and who have completed 1 year of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to a service award after being credited with 5 years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is age 60. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty (50) points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for 5 years of firefighting service rendered prior to the establishment of the program.

Benefits

A participant's benefit under the program is the actuarial equivalent of a monthly payment for life equal to \$20 multiplied by the person's total number of years of firefighting service credited service prior to 2005 plus \$30 multiplied by the person's total number of years of credited service after 2004. Additionally, the number of years of credited service prior to 1991 is limited to 5 years. The total number of years of firefighting service used to compute the benefit cannot exceed forty (40). Benefits are not payable until age 60. On and after that date, except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandated death and disability benefits.

Fiduciary Investment and Control

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

The governing board of the sponsor has retained and designated Hometown Firefighter to assist in the administration of the program. The designated 3rd party program administrator's functions include: verification of benefits and annuity enrollment for vested firefighters at entitlement age or termination from the plan; verification of benefits and lump sum death benefits for deceased participants; verification of benefits and lump sum permanent disability benefits for participants who suffer a complete and total disability.

Disbursements of program assets for the payment of benefits or administrative expenses must be approved by the Board of Fire Commissioners.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program.

INWOOD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

7. Length of Service Awards Program – LOSAP – continued

Fiduciary Investment and Control – continued

Authority to invest program assets is vested in Board of Fire Commissioners. Program document, program assets are invested in accordance with a statutory "prudent person" rule.

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

Program Financial Condition

Assets and Liabilities

Actuarial Present Value of Benefits at December 31, 2021		\$ 3,208,619
Less: Assets Available for Benefits		
	<u>% of total</u>	
Cash	0.66%	\$ 18,477
Annuity contracts	83.69%	2,350,231
Pooled investment fund	15.66%	<u>439,666</u>
		<u>2,808,373</u>
Total Unfunded Benefits		<u>\$ 400,246</u>
Unfunded Liability for Prior Service		<u>\$ 400,246</u>
Total Unfunded Normal Benefits		<u>\$ -</u>

Receipts and Disbursements

Plan Net Assets, beginning of year - January 1, 2021		\$ 2,841,804
Changes during the year:		
+ Plan contributions (including fees)		189,460
+ Investment income earned		101,613
+ Realized/unrealized gains		19,133
- Plan benefit withdrawals		(332,867)
- Administration fees paid		<u>(10,770)</u>
Plan net assets, end of year - December 31, 2021		<u>\$ 2,808,373</u>

Prior Service Costs

Prior service costs are being amortized over a range of 10 to 12 years at a discount rate of 4.75%.

INWOOD FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

7. Length of Service Awards Program – LOSAP – continued

Contributions

Amount of sponsor's contribution recommended by actuary for 2021:	\$181,371 - \$191,028
Amount of sponsor's actual contribution for 2021:	\$184,909
Amount of sponsor's contribution recommended by actuary for 2022:	\$171,651 - \$178,030

Administration Fees

Fees paid to designated program administrator: \$ 10,770

Funding Methodology and Actuarial Assumptions

Normal Costs

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is Unit Credit Cost Method. The assumptions used by the actuary to determine the sponsor's contribution are as follows:

	<u>Pre-Entitlement</u>	<u>Post-Entitlement</u>
Assumed rate of return:	4.75%	4.75%

Mortality Tables used for:

Post-Entitlement Mortality RP-2000 Combined - Unisex

Designated Program Administrator's Functions

Disbursements of program assets for the payment of benefits or administrative expenses must be approved. The following is an explanation of process for approving disbursements:

Payment of Benefits:

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

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

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

INWOOD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

8. Long-Term Liabilities

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

	<u>Balance</u> <u>1/1/2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2021</u>
Long-term debt:				
Service award program payable	\$ 3,280,139	\$ -	\$ (71,520)	\$ 3,208,619
Net pension liability - proportionate share	13,524	-	(13,463)	61
Installment purchase debt	<u>373,683</u>	-	<u>(36,822)</u>	<u>336,861</u>
Total Long Term Debt	<u>\$ 3,667,346</u>	<u>\$ -</u>	<u>\$ (121,805)</u>	<u>\$ 3,545,541</u>

a. Installment Purchase Debt

Installment purchase debt represents the District's capital lease obligation for the purchase of an apparatus. At December 31, 2021 installment purchase debt consisted of the following:

<u>Description of Issue</u>	<u>Original</u> <u>Issue</u>	<u>Issued</u> <u>Date</u>	<u>Final</u> <u>Maturity</u>	<u>Rate</u>	<u>Amount</u> <u>Outstanding</u>
Installment Purchase Debt	\$ 410,000	10/18/2019	10/01/2029	3.80%	<u>\$ 336,861</u>

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

<u>Years Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Purchase</u> <u>Option</u>
2022	\$ 37,917	\$ 10,018	\$ 47,935	\$ 304,922
2023	39,045	8,890	47,935	265,097
2024	40,206	7,729	47,935	224,087
2025	41,402	6,533	47,935	181,857
2026	42,633	5,302	47,935	138,371
Thereafter	<u>135,658</u>	<u>8,151</u>	<u>143,809</u>	\$93,592 - \$0
Total	<u>\$ 336,861</u>	<u>\$ 46,623</u>	<u>\$ 383,484</u>	

9. Commitments – Non-Cancelable Operating Lease

The District has entered into an operating lease for office equipment with U.S Bank Finance. Operating lease payments are recorded as expenditures when incurred. The expense for the year ending December 31, 2021 was \$4,668. Future minimum lease commitments as of December 31, 2021 are as follows:

<u>Years Ending December 31,</u>	
2022	\$ 4,668
2023	4,668
2024	4,668
2025	4,668
2026	<u>2,334</u>
Total	<u>\$ 21,006</u>

INWOOD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

10. Intermunicipal Agreements

- a. In August 2007, the District entered into a joint one year agreement, to be extended for subsequent periods of one year if not terminated, with the Meadowmere and Woodmere Fire Districts, to maintain a fuel cooperative, which allows the three districts to obtain low cost gasoline and diesel fuel for their vehicles and apparatus so that they are better and more efficiently able to deliver fire protection and emergency services to their communities. The Inwood Fire District maintains a gasoline and diesel fuel dispensing system and maintains sufficient supplies of each. The Meadowmere and Woodmere Fire Districts purchase the fuel from Inwood, paying the price per gallon that the Inwood Fire District paid for its most recent delivery plus a 5% service charge. Inwood invoices the districts monthly. The Inwood Fire District expended approximately \$29,000 on fuel and received approximately \$15,300 in reimbursements from the other two districts. During the year ended December 31, 2021, the agreements amongst the Districts were terminated and not renewed for future years.

- b. In May 2019, the District entered into an agreement with the City of Long Beach (the City) for the City to provide dispatch services to the District. The agreement is for a period of five years commencing June 1, 2019 and expiring May 31, 2024. Future minimum amounts payable on this contract as of December 31, 2021 are as follows:

<u>Years Ending December 31,</u>		
2022	\$	30,225
2023		31,132
2024		<u>13,131</u>
Total	\$	<u>74,488</u>

For the year ended December 31, 2021, the District expended approximately \$29,300 on this contract.

11. Risk Management and Uncertainties

a. Claims

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

b. COVID-19

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

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

INWOOD FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

12. Spending Limitation

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

13. Related Party Transactions

Two commissioners and the District Treasurer are employed together at an unrelated municipality. At this municipality, the District Treasurer is the supervisor of the two commissioners.

14. Subsequent Events

The date through which management has evaluated the impact of subsequent events on these financial statements is June 15, 2022, which is the date the financial statements were available to be issued.

Subsequent to year-end, the District's residents voted to approve the District's bond issuance for \$4,800,000. The purpose of the bond issue is to purchase a new fire apparatus, and construction additions and alterations to the District headquarters.

No additional events have occurred subsequent to the date these financial statements were available to be issued through December 31, 2021 that would require adjustment or disclosure in the financial statements.

INWOOD FIRE DISTRICT

SUPPLEMENTAL STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN

FUND BALANCE - BUDGET AND ACTUAL - GENERAL OPERATING FUND - REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance to Final Budget Favorable (Unfavorable)</u>
<u>REVENUES</u>				
Real property taxes	\$ 1,475,815	\$ 1,475,815	\$ 1,475,815	\$ -
Payments in lieu of taxes	150,000	150,000	197,447	47,447
Fire protection contract	27,734	27,734	17,776	(9,958)
Interest and earnings	1,200	1,200	216	(984)
Rentals	6,900	6,900	5,621	(1,279)
Sale of apparatus and equipment	-	-	88,000	88,000
Refunds and other miscellaneous	-	-	1,208	1,208
	<u>1,661,649</u>	<u>1,661,649</u>	<u>1,786,083</u>	<u>124,434</u>
<u>OTHER FINANCING SOURCES</u>				
Appropriated fund balance - prior year's surplus	<u>185,834</u>	<u>135,834</u>	<u>-</u>	<u>135,834</u>
	<u>\$ 1,847,483</u>	<u>\$ 1,797,483</u>	<u>\$ 1,786,083</u>	<u>\$ 260,268</u>
<u>EXPENDITURES</u>				
Personal services	345,000	404,653	404,653	-
Equipment and capital outlay	65,100	42,882	42,882	-
Fire protection - contractual	720,703	730,896	722,609	8,287
NYS retirement	3,200	2,892	2,892	-
Service award	230,000	-	-	-
Social security	27,000	30,959	30,959	-
Workers' compensation	170,000	96,255	96,255	-
Life insurance	18,000	16,970	16,970	-
Unemployment Insurance	2,000	4,789	4,789	-
Disability insurance	8,860	9,292	9,292	-
Installment purchase debt, principal	36,317	36,822	36,822	-
Installment purchase debt, interest	11,618	11,113	11,113	-
	<u>1,637,798</u>	<u>1,387,523</u>	<u>1,379,236</u>	<u>8,287</u>
Excess (deficiency) of revenues over expenditures	<u>209,685</u>	<u>409,960</u>	<u>406,847</u>	<u>(3,113)</u>
<u>OTHER FINANCING (USES)</u>				
Operating transfers (out)	<u>(209,685)</u>	<u>(409,960)</u>	<u>(409,960)</u>	<u>-</u>
	<u>(209,685)</u>	<u>(409,960)</u>	<u>(409,960)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(3,113)</u>	<u>\$ (3,113)</u>
Fund Balance - Beginning of Year			<u>634,637</u>	
Fund Balance - End of Year			<u>\$ 631,524</u>	

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

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

To the Board of Fire Commissioners of
Inwood Fire District
188 Doughty Blvd
Inwood, NY 11096

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the Inwood Fire District (the District) as of and for the year ended December 31, 2021 and the related notes to the financial statements, as listed in the table of contents, which collectively comprise the Inwood Fire District's basic financial statements, and have issued our report thereon dated June 15, 2022. As more fully described in Note 1 to the financial statements the District has prepared their financial statements using practices prescribed and permitted by the Office of the New York State Comptroller, which is a comprehensive statutory basis of accounting (referred to as a "Regulatory Basis") for a governmental entity other than accounting principles generally accepted for governmental entities in the United States of America.

Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to the Board of Commissioners of the District in a separate letter dated June 15, 2022.

Report on Compliance and Other Matters

We noted certain other matters that we reported to the Board of Fire Commissioners of the District in a separate letter dated June 15, 2022.

Purpose of this Report

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

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

Smithtown, NY
June 15, 2022

INWOOD FIRE DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

DECEMBER 31, 2021

FINDING – 2020-001 CONTROLS OVER FIXED ASSETS:

The District does not have an adequate control system in place to properly record, classify, and update fixed asset records for additions, deletions, impairments and transfers in accordance with NYS guidelines – A significant deficiency.

STATUS:

Corrected and considered closed.

APPENDIX C

FORM OF BOND COUNSEL OPINION

Hawkins Delafield & Wood LLP

7 WORLD TRADE CENTER
250 GREENWICH STREET
NEW YORK, NY 10007
WWW.HAWKINS.COM

August 30, 2022

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

Ladies and Gentlemen:

We have acted as Bond Counsel to the Inwood Fire District, in the Town of Hempstead, Nassau County (the “Fire District”), a district corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the Fire District’s \$4,800,000 Fire District Serial Bonds-2022 (the “Bonds”), dated and delivered on the date hereof.

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

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

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

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

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

retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

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

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

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

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

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

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

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

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

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

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

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

“Issuer” shall mean the Inwood Fire District, in the Town of Hempstead, Nassau County, New York, a district corporation of the State of New York.

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

“Purchaser” shall mean the financial institution referred to in the Certificate of Award executed by the Fire District Treasurer as of August 16, 2022.

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

“Securities” shall mean the Issuer’s **\$4,800,000 Fire District Serial Bonds-2022**, dated August 30, 2022, maturing in various principal amounts on August 15 in each of the years 2023 to 2039, inclusive, and delivered on the date hereof.

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

- (i) no later than six (6) months following the end of each fiscal year, commencing with the fiscal year ending December 31, 2022, the Annual Information relating to such fiscal year, together with audited financial statements of the Issuer for such fiscal year if audited financial statements

are then available; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be provided with the Annual Information no later than six (6) months following the end of each fiscal year, and audited financial statements, if any, shall be delivered to the EMMA System within sixty (60) days after they become available and in no event later than one (1) year after the end of each fiscal year; provided further, however, that the unaudited financial statement shall be provided for any fiscal year only if the Issuer has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **August 30, 2022**.

By _____
FIRE DISTRICT TREASURER