

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 9, 2025

NEW ISSUE

BOND ANTICIPATION NOTES

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 Notes 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 Notes is not treated as a preference item in calculating the alternative minimum tax under the Code; however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Notes 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 Notes as "qualified tax-exempt obligations" pursuant to the provision of Section 265(b)(3) of the Code.

**MASTIC FIRE DISTRICT, IN THE TOWN OF BROOKHAVEN
SUFFOLK COUNTY, NEW YORK**

**\$1,250,000 BOND ANTICIPATION NOTES – 2025
(the "Notes")**

Date of Issue: February 4, 2025

Maturity Date: February 4, 2026

The Notes are general obligations of the Mastic Fire District, in the Town of Brookhaven, in Suffolk County, New York (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 Notes 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 Notes will not be subject to redemption prior to maturity.

The Notes will be issued in registered form and, at the option of the purchaser(s), the Notes will be (i) registered in the name of the successful bidder(s) or (ii) registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes.

If the Notes are registered in the name of the successful bidder, a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes 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 bidders.

If the Notes are issued in book-entry form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes 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 for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners 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 DTC participants 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-Only System" herein).

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on January 16, 2025 at the offices of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. Munistat Services, Inc. has served as Municipal Advisor to the Fire District in connection with the issuance of the Notes. It is expected that delivery of the Notes will be made in Jersey City, New Jersey or as otherwise agreed on or about February 4, 2025.

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

January , 2025

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. 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 any such jurisdiction.

**MASTIC FIRE DISTRICT, IN THE TOWN OF BROOKHAVEN
SUFFOLK COUNTY, NEW YORK**

1080 Mastic Road
Mastic, NY 11950
Telephone (631) 281-8787

BOARD OF COMMISSIONERS

Rudolph G. Sunderman, Chairman

Patrick Greene
Daniel Haase
Michael Malone
Rudolph A. Sunderman

Kaitlin Hennessy, Fire District Treasurer
Rudolph A. Sunderman, Secretary
Joseph F. Frank, Esq., Fire District Attorney

* * *

BOND COUNSEL



Hawkins Delafield & Wood LLP
New York, New York

* * *

MUNICIPAL ADVISOR



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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 foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor there any sale of the Notes 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

MASTIC FIRE DISTRICT, IN THE TOWN OF BROOKHAVEN SUFFOLK COUNTY, NEW YORK

Relating To

\$1,250,000 BOND ANTICIPATION NOTES - 2025 (the "Notes")

This Official Statement, including the cover page and appendices thereto, has been prepared by the Fire District and presents certain information relating to the Fire District's \$1,250,000 Bond Anticipation Notes – 2025 (the "Notes"). All quotations from and summaries and explanations of provisions of the Constitution and laws of the State of New York (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 Notes and the proceedings of the Fire District relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

THE NOTES

Description

The Notes are general obligations of the Fire District. The Fire District has pledged its faith and credit for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes 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 the Tax Levy Limit Law. (See "*Tax Levy Limit Law*" herein).

The Notes will be dated and will mature, without the option of prior redemption, as indicated on the cover page hereof.

The Fire District Secretary will act as Fiscal Agent for the Notes. Paying agent fees, if any, for those Notes will be paid by the purchaser(s). The Fire District's contact information is as follows: Kaitlin Hennessy, Fire District Treasurer, Mastic Fire District, in the Town of Brookhaven, 1080 Mastic Road, Mastic, NY 11950, Phone (631) 281-8787, and email: khennessymfd@gmail.com.

No Optional Redemption

The Notes will not be subject to redemption prior to their maturity.

Book-Entry System

DTC will act as securities depository for any Notes issued as book-entry notes. Such Notes 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 note certificate will be issued for each Note bearing the same rate of interest and CUSIP number and will be 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"). Standard & Poor's assigns a rating of "AA+" to DTC. 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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("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 Notes 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes 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 Notes 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes 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 Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes 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 depository with respect to the Notes at any time by giving reasonable notice to the Fire District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered to the Noteowners. The Fire District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In such event, note certificates will be printed and delivered to the Noteowners.

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. In addition, the Fire District will not have any responsibility or obligation to participants, to indirect participants or to any beneficial owner with respect to: (i) the accuracy of any records maintained by DTC, any participant or any indirect participant; (ii) the payments by DTC or any participant or any indirect participant of any amount with respect to the principal of, or premium, if any, or interest on the Notes or (iii) any notice which is permitted or required to be given to Noteowners.

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

Authorization for and Purpose of Notes

The Notes are being issued in accordance with the Constitution and statutes of the State of New York, including the Local Finance Law, and pursuant to the Bond Resolution duly adopted by the Board of Commissioners of the Fire District on December 4, 2023, and subsequently approved as a proposition by a majority of the qualified voters of the Fire District voting thereon at the Special Election held on February 6, 2024, to finance the construction of improvements to the existing firehouse. The total estimated cost of the project is \$1,500,000. The proceeds of the Notes in the amount of \$1,250,000 will be used to provide original financing for the project and the balance of \$250,000 will be paid with available funds in the Building Reserve Fund.

For further information regarding bond authorizations of the Fire District for capital purposes and other matters relating thereto see "*Indebtedness of the Fire District*", herein.

Security and Source of Payment

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

The Notes 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 Notes, 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 Notes. 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).

RISK FACTORS

There are certain potential risks associated with an investment in the Notes, 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 Notes.

If and when an owner of any of the Notes should elect to sell a Note 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 Notes. The market value of the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Note 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 Notes. 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 Notes, 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 Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (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 Notes. (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.

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. 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.

REMEDIES UPON DEFAULT

Neither the Notes, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Notes should the Fire District default in the payment of principal or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Notes upon the occurrence of any such default. Each Note is a general obligation contract between the Fire District and the owners for which the faith and credit of the Fire District are pledged and while remedies for enforcement of payment are not expressly included in the Fire District's contract with such owners, any permanent repeal by statute or constitutional amendment of a bond or note holder'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 in the payment of principal of or interest on the Notes, at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render 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. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such Notes 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 to cause the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court 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 Note, the owner of such Note could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the Fire District to cause the assessment, levy and collection of an *ad valorem* tax, upon all taxable property of the Fire District subject to taxation by the Fire District, sufficient to pay the principal of and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. 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 Notes 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 or notes of the Fire District, 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*, 40 N.Y.2d 1088 (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 and payable 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 of final jurisdiction have generally upheld and sustained the rights of holders of bonds or notes, such courts 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.

MUNICIPAL 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 Notes.

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.

No Past Due Debt

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.

THE FIRE DISTRICT

Description

The Fire District is located in the southeastern section of the Town of Brookhaven, in Suffolk County, New York. It is bordered on the south by Moriches Bay and the Atlantic Ocean. It is located approximately 10 miles east of the Village of Patchogue, two miles south of the Brookhaven National Laboratory and fourteen miles southwest of Riverhead, the County seat. The Fire District protects the Brookhaven Calabro Airport which is an airport used daily and owned by the Town of Brookhaven.

The communities in the Fire District are served by the Long Island Railroad (Metropolitan Transportation Authority). The Fire District is crossed east-west by the Sunrise Highway (Route 27) and Montauk Highway (Route 27A). North to south travel is afforded by the William Floyd Parkway which connects with the Long Island Expressway (Route 495) just to the north. In the southern portion, William Floyd Parkway connects with the Smith Point Bridge to Smith Point County Park and the Fire Island National Seashore.

Electric service is provided by the PSEG Long Island; gas service by the National Grid; water by the Suffolk County Water Authority; houses are served by septic tanks. Police protection is furnished by County of Suffolk.

Form of Government

The Fire District is governed by a five (5) member Board of Fire Commissioners, who are elected to five (5) year terms on a staggered basis. The Chairman of the Board is elected by the Commissioners at the Organizational Meeting held each year within the first fifteen days in January, at which time the Board appoints a Secretary and Treasurer. A volunteer force is responsible for the operation of the Fire Department equipment and apparatus.

Employees

The Fire District has 1 full-time and 3 paid part-time employees, none of which are represented by organized labor units.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

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

<u>Year</u>	<u>Town of Brookhaven</u>	<u>Suffolk County</u>	<u>New York State</u>
2000	448,248	1,419,369	18,976,457
2010	486,040	1,493,350	19,378,102
2020	482,671	1,481,364	19,514,849
2022	488,506	1,525,465	19,677,152

a. Based on American Community Survey 1-year Estimated (2022).

Income Data

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

	<u>Per Capita Money Income</u>			
	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2022^a</u>
Town of Brookhaven	\$24,191	\$32,663	\$42,388	\$47,994
County of Suffolk	26,577	35,755	46,466	53,317
State of New York	23,389	30,948	40,898	47,421

	<u>Median Household Income</u>			
	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>2022^a</u>
Town of Brookhaven	\$62,475	\$81,654	\$100,061	\$106,993
County of Suffolk	72,112	84,506	105,362	119,838
State of New York	51,691	55,603	71,117	79,557

Source: United States Bureau of the Census.

a. Based on American Community Survey 1-Year Estimates (2022).

Unemployment Rates

<u>Annual Averages:</u>	<u>Suffolk County</u>	<u>New York State</u>
2019	3.7	3.7
2020	9.0	9.3
2021	4.8	4.9
2022	3.0	3.1
2023	3.1	3.2
2024 (YTD Average)	3.6	3.7

Source: Department of Labor, State of New York.

INDEBTEDNESS OF THE FIRE DISTRICT

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

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

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

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

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

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

Statutory Procedure

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

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

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

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

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

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).

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The following table sets forth the computation of the debt limit of the Fire District and its debt contracting margin:

Computation of Debt Limit and Debt Contracting Margin
(As of January 9, 2025)

<u>In Town of:</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate (%)</u>	<u>Full Valuation</u>
Brookhaven (2023-2024) ^a	\$14,271,201	0.54	\$2,642,815,000
Debt Limit - 3% of Full Valuation			\$79,284,450
Inclusions:			
Outstanding Bonds			\$0
Bond Anticipation Notes			<u>0</u>
Total Indebtedness			<u>0</u>
Appropriations			<u>0</u>
Total Net Indebtedness Before Issuing the Notes			<u>0</u>
The Notes			1,250,000
Less: BANs Being Redeemed by the Notes			<u>0</u>
Net Effect of Issuing the Notes			<u>1,250,000</u>
Total Net Indebtedness After Issuing the Notes			<u>1,250,000</u>
Net Debt Contracting Margin			<u><u>\$78,034,450</u></u>
Per Cent of Debt Contracting Margin Exhausted			1.58%

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

Details of Short-Term Indebtedness Outstanding

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

Trend of Outstanding Indebtedness

	<u>Fiscal Year Ending December 31:</u>				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bonds	\$0	\$0	\$0	\$0	\$ 0
BANs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,500,000</u>
Total Debt Outstanding	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$1,500,000</u></u>

Source: Financial Statements of the Fire District.

Debt Service Requirements - Outstanding Bonds

As of the date of this Official Statement, the Fire District does not have any long-term debt outstanding.

Authorized but Unissued Debt

The Fire District has authorized but unissued debt in the aggregate amount of \$1,334,000 for the acquisition of a new fire engine and \$1,500,00 for improvements to the existing firehouse. Each project has been appropriated \$250,000 of available funds from the Fire District's reserves. The Notes will finance \$1,250,000 of the authorized amount for the improvements to the existing firehouse. (See "Authorization for and Purpose of Notes" herein.)

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 Suffolk	12/04/2024	0.56	\$ 7,175,617	\$ 6,708,586
Town of Brookhaven	08/14/2024	3.06	14,259,294	13,866,084
William Floyd UFSD	12/18/2023	43.04	9,238,536	1,385,780
Totals:			\$30,673,447	\$21,960,450

Sources: Annual Reports of the respective units for the most recently completed fiscal year on file with the Office of the State Comptroller or more recently published Official Statements.

Debt Ratios (As of January 9, 2025)

	<u>Amount</u>	<u>Per Capita</u> ^a	<u>Percentage of Full Value (%)</u> ^b
Total Direct Debt	\$ 0	\$ 0	0.000
Net Direct Debt	0	0	0.000
Total Direct & Applicable Total Overlapping Debt	30,673,447	2,049	1.161
Net Direct & Applicable Net Overlapping Debt	21,960,450	1,467	0.831

- a. The current population of the Fire District is 14,968.
b. The full valuation of taxable property is \$2,642,815,000.

FINANCES OF THE FIRE DISTRICT

Independent Audit

The financial affairs of the Fire District are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Fire District has complied with the requirements of various state and federal statutes. The financial statements of the Fire District are audited each year by an independent public accountant. The last such audit covers the fiscal year ended December 31, 2023 and is attached in Appendix B. The Fire District also prepares an unaudited annual financial report.

Investment Policy

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

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

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

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

Service Award Program

The Fire District established a defined benefit Service Award Program (referred to as a "LOSAP" – length of service award program – under Section 457(e)(11) of the Internal Revenue Code) effective March 1, 1993 for the active volunteer firefighter members of the Fire District. The program was established pursuant to Article 11-A of the New York State General Municipal Law. The program provides municipally-pension like to facilitate the recruitment and retention of active volunteer firefighters. The Fire District is the sponsor of the program.

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.

Active volunteer firefighters who have reached the age of 17 and who have completed the sponsor's probationary period are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five year of firefighting service or upon attaining the program's entitlement age while an active volunteer. The program's entitlement age is 65. An active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of active volunteer firefighting service rendered prior to the establishment of the program as an active volunteer firefighter member of the Fire Department.

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

Currently, there are no other forms of payment of a volunteer's earned service award under the program. Except in the case of death or total and permanent disablement, service awards commence to be paid when a participant attains the entitlement age. Volunteers who continue to be active after attaining the entitlement age and beginning to be paid a service award continue to have the opportunity to earn program credit and to thereby increase their service award payments.

The Fire District contributions to the LOSAP since 2019 are as follows:

<u>Fiscal Year Ending</u> <u>December 31:</u>	<u>LOSAP</u>
2019	\$284,322
2020	271,823
2021	222,256
2022	243,454
2023	244,996
2024 (Budgeted)	280,000
2025 (Budgeted)	275,000

Sources: Audited Financial Statements and Fire Districts Officials.

Employee Pension System

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

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

The Fire District is required to contribute an actuarially determined rate. The Fire District's contributions made to the Retirement System were equal to 100% of the contributions required for each year. The required contributions for the five most recently completed fiscal years and the amounts budgeted for the 2024 and 2025 fiscal year are as follows:

Payments to the Pension Systems

Fiscal Year Ending <u>December 31:</u>	<u>ERS</u>
2019	\$ 5,033
2020	8,526
2021	9,098
2022	6,343
2023	5,592
2024 (Budgeted)	12,000
2025 (Budgeted)	12,000

Budgetary Procedures

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

Revenues

The Fire District receives most of its revenue from a real property tax on all non-exempt real property situated within the Fire District. A summary of such revenues for the five most recently completed fiscal years and the amounts budgeted for 2024 and 2025 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 2024 and 2025 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. 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 cause the levy of 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 2019 through 2023, inclusive and the amounts budgeted for the 2024 and 2025 fiscal year.

Fiscal Year Ending <u>December 31:</u>	<u>Total Revenue</u>	Real Property <u>Taxes</u>	Real Property Taxes to <u>Revenues (%)</u>
2019	\$1,892,611	\$1,623,863	85.80
2020	1,994,365	1,683,451	84.41
2021	2,671,091	1,709,604	64.00
2022	2,132,477	1,755,660	82.33
2023	2,434,927	1,790,771	73.55
2024 (Budgeted)	2,227,834	1,876,527	84.23
2025 (Budgeted)	2,318,223	1,970,353	84.99

Sources: Audited Financial Statements (2019-2023) and Adopted Budget of the Fire District (2024-2025).

Tax Collection Procedure

Real property taxes for the fire District are levied and billed with taxes for County and Town purposes. Fire District taxes are collected by the Town. The Town is required to pay the full amount of each warrant presented by the Fire District, whether or not these amounts are actually collected by the Town. Accordingly, the Fire District receives 100% of its tax levy May 1st each year. The Town enforces delinquent taxes through tax lien proceedings and in-rem foreclosure proceedings. Town County, and special district taxes or assessments for the period from January 1st to December 31st are due in a single payment on April 1st. Payment may be made without penalty until April 30th, after which the penalty is 2% during May, 5% during June and July, 7% during August and September, 10% during October, November and December and 12% thereafter to tax lien date (generally the following May).

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 Notes, 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 2023-24 Assessment Roll

Name	Type	Assessed Valuation
LIPA	Utility	\$ 293,318
Southport 2013 LLC	Commercial	272,000
Triple Five Aviation Industries LLC	Commercial	187,350
HD Development of Maryland Inc.	Commercial	98,280
Sun Enterprises LLC	Commercial	49,250
William Floyd Plaza LLC	Commercial	48,000
855 Montauk Hwy LLC	Commercial	46,000
Southport 2013 LLC	Commercial	36,415
Fairfield Moriches LLC	Commercial	25,500
Mastic Centre LLC	Commercial	23,300
Surrey Northern LLC	Commercial	23,000
Shirley Equities LLC	Commercial	20,500
Nirman Realty LLC	Commercial	18,000
Garden Montauk Associates LLC	Commercial	17,810
Shirley 2019 2 LLC	Commercial	17,105
	Total ^a	\$1,175,828

a. Represents 8.24% of the 2023-24 Assessed Valuation of the Fire District.

ENVIRONMENTAL FACTORS

The Fire District has an elevated risk to rising sea levels and extreme weather events such as hurricanes and nor'easters. The Fire District and other levels of government, including the Town and County, have been active in addressing environmental risk and mitigating exposure to weather events. The magnitude of the impact on the Fire District operations, economy and financial condition of rising sea levels, coastal flooding and more frequent and extreme weather events is indeterminate and unpredictable.

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, no which, if determined against the Fire District, would have a substantial adverse material effect on the financial condition of the Fire District.

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 Notes 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 Notes is not treated as a preference item in calculating the alternative minimum tax under the Code; however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The Tax Certificate of the Fire District (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes 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 Notes, 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 Notes 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 Notes 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 Notes, 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 Notes.

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 Notes in order that interest on the Notes 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 Notes, 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 Notes 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 Notes 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 Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. 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 Notes.

Prospective owners of the Notes 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 Notes 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 Note (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 note 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 Notes. In general, the issue price for each maturity of Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Notes 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 Notes.

In general, under Section 1288 of the Code, OID on a Discount Note 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 Note. An owner’s adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Note. 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 Note even though there will not be a corresponding cash payment.

Owners of Discount Notes 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 Notes.

Note Premium

In general, if an owner acquires a note 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 note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “note premium” on that note (a “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the note premium over the remaining term of the Premium Note, based on the owner’s yield over the remaining term of the Premium Note, determined based on constant yield principles (in certain cases involving a Premium Note 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 note). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note 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 Note may realize a taxable gain upon disposition of the Premium Note 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 Note should consult their own tax advisors regarding the treatment of note 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 note premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Notes. 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 Note 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 Notes 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 Notes under federal or state law or otherwise prevent beneficial owners of the Notes 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 Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of the law firm of Hawkins Delafield & Wood LLP, Bond Counsel to the Fire District with respect to the Notes, which will be available at the time of delivery of the Notes, substantially in the form set forth in Appendix C.

DISCLOSURE UNDERTAKING

This Official Statement is in a form “deemed final” by the Fire District for the purposes of Securities and Exchange Commission Rule 15c2-12 (the “Rule”). At the time of the delivery of the Notes, the Fire District will provide an executed copy of its “Undertaking to Provide Notices of Events” (the “Undertaking”) substantially in the form set forth in Appendix D.

RATING

The Notes are not rated. Subject to the approval of the Fire District, the purchaser(s) of the Notes may have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the Fire District, such as a rating action that may require the filing of a material event notification to EMMA and/or the provision of a supplement to the Final Official Statement.

The Fire District does not presently have a credit rating because it does not have any long-term debt.

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 Notes and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Notes 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 from the office of Kaitlin Hennessy, Fire District Treasurer, Mastic Fire District, in the Town of Brookhaven, 1080 Mastic Road, Mastic, NY 11950, Phone (631) 281-8787, and email: khennessymfd@gmail.com or from Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number (631) 331-8888 and website: www.munistat.com.

Munistat Services, Inc. may place a copy of this Official Statement on its website at www.munistat.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Munistat Services, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Fire District nor Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, Inc. and the Fire District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Munistat Services, Inc. and the Fire District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be, in fact, realized. This Official Statement is not to be construed as a contract or agreement between the Fire District and the original purchasers or owners of any of the Notes.

The preparation and distribution of this Official Statement has been authorized by various resolutions of the Fire District which delegates to the Fire District Treasurer the power to sell and issue the Notes.

By: s/s KAITLIN HENNESSY
Fire District Treasurer
Mastic Fire District, in the Town of Brookhaven
Mastic, New York

January , 2025

APPENDIX A

FINANCIAL INFORMATION

Balance Sheet
Governmental Funds

	Fiscal Year Ended December 31:	
	2022	2023
Assets:		
Cash & Equivalents: Unrestricted	\$ 906,058	\$ 859,356
Cash & Equivalents: Restricted	1,636,804	1,986,212
Prepaid Expenses	49,089	37,651
Service Award Program Assets	3,246,748	3,350,176
Lease Receivable	19,442	7,903
Total Assets	\$ 5,858,141	\$ 6,241,298
Liabilities:		
Accounts Payable	\$ 50,127	\$ 98,395
Accrued Expenditures	3,431	5,624
Due to Employee's Retirement System	4,323	
Deferred Inflows of Resources	104,138	7,903
Total Liabilities	162,019	111,922
Fund Balances:		
Nonspendable:	49,089	37,651
Restricted:		
Building	735,506	981,703
Equipment	857,134	963,748
Maintenance	44,164	40,761
Service Award Program	3,246,748	3,350,176
Assigned:		
Appropriated Fund Balance	127,921	153,307
Unappropriated Fund Balance	435,000	400,000
Unassigned:	200,560	202,030
Total Fund Balances	5,696,122	6,129,376
Total Liabilities and Fund Balances	\$ 5,858,141	\$ 6,241,298

Note: This Schedule is NOT Audited.

Source: Audited Financial Statements (2022-2023)

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

Fiscal Year Ended December 31:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Revenues:					
Real Property Taxes	\$ 1,623,863	\$ 1,683,451	\$ 1,709,604	\$ 1,755,660	\$ 1,790,771
Payments in Lieu of Taxes (PILOT)		11,283	11,258		
Interest & Earnings	22,071	11,527	4,733	19,320	121,874
Fire Protection Services	175,000	175,000	175,000	175,000	175,000
Insurance Recoveries	40,510	24,652	1,000	3,118	554
Rentals	675		375	12,003	13,125
Sale of Equipment	14,156		36,300	58,562	202,500
Other Income	16,336	607	18,177	14,990	5,689
Investment Income		87,845	89,644	93,824	102,883
State Sources: Grants			625,000		1,500
Federal Sources					21,031
Total Revenues	<u>1,892,611</u>	<u>1,994,365</u>	<u>2,671,091</u>	<u>2,132,477</u>	<u>2,434,927</u>
Expenditures:					
Personal Services	102,435	107,262	93,807	92,091	111,496
Equipment and Capital Outlay	431,636	659,301	1,113,209	360,960	582,179
Contractual Services	628,665	696,037	598,359	693,815	807,908
NYS Retirement	5,033	8,526	9,098	6,344	5,592
Local Service Award Pension (LOSAP)	274,281	229,493	178,830	203,321	249,311
Social Security	7,831	7,880	6,915	7,045	8,505
Workers' Compensation	359,924	182,601	126,044	123,362	89,200
Insurance Benefits	1,629	124,490	158,954	137,057	145,956
Medical Insurance		3,569	5,686	2,127	
Debt Service - Principal				1,356	1,383
Debt Service - Interest				170	143
Total Expenditures	<u>1,811,434</u>	<u>2,019,159</u>	<u>2,290,902</u>	<u>1,627,648</u>	<u>2,001,673</u>
Other Sources (Uses):					
Operating Transfers In	339,017	486,171	1,054,355	645,720	944,996
Operating Transfers (Out)	(339,017)	(486,171)	(1,054,355)	(645,720)	(944,996)
Total Other Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures & Other Uses	<u>81,177</u>	<u>(24,794)</u>	<u>380,189</u>	<u>504,829</u>	<u>433,254</u>
Fund Balance Beginning of Year	<u>1,914,798</u>	<u>1,995,975</u>	<u>4,811,104</u>	<u>5,191,293</u>	<u>5,696,122</u>
Prior Period Adjustment		<u>2,839,923</u> ^a			
Fund Balance End of Year	<u>\$ 1,995,975</u>	<u>\$ 4,811,104</u>	<u>\$ 5,191,293</u>	<u>\$ 5,696,122</u>	<u>\$ 6,129,376</u>

Note: This Schedule is NOT Audited.

Source: Audited Financial Statements (2019-2023)

a. During the year ended December 31, 2020, the District implemented GASB Statement No. 84, to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. The adoption and implementation of this statement resulted in a restatement of the governmental fund's general fund balance to properly reflect the opening value of the service award program assets of \$2,839,923.

BUDGET SUMMARIES

	Fiscal Years Ending December 31:	
	2024	2025
Revenues:		
Real Property Taxes	\$ 1,876,527	\$ 1,970,353
Fire Protection	175,000	175,000
Interest & Earnings	10,000	20,000
Rental Income		18,500
Insurance Recoveries	13,000	
Appropriated Fund Balance	153,307	134,370
Total Revenues	\$ 2,227,834	\$ 2,318,223
Expenditures:		
Salaries	\$ 180,000	\$ 185,400
Equipment and Capital Outlay	267,000	267,000
Fire Protection - Contractual: Association Dues	3,500	3,500
Building Maintenance	54,500	61,955
Building Repair	67,000	69,010
Contingency	20,000	20,000
Custodian Uniforms	1,000	2,000
Department Physicals	24,000	24,000
Drills, Parades and Inspection	90,000	90,000
Equipment Maintenance and Repairs	95,000	95,000
Explorers	2,000	2,000
Fire Department Services	63,334	58,333
Fire Training	22,000	22,000
General Insurance	120,000	120,000
Hydrant Rental	65,000	66,950
Maintenance and Kitchen Supplies	9,000	8,000
Office Supplies	15,400	15,400
Professional Services	28,000	28,000
Publication Notices	2,000	2,000
Service Award	280,000	275,000
Service Conbtracts and Subscriptions	30,000	25,000
Training Center	5,000	5,000
Travel	84,000	84,000
Uniforms	16,000	16,000
Utilities	221,000	221,000
Voting Fees		500
Employee Benefits	400,600	401,175
Debt Services		100,000
Fund Transfers	62,500	50,000
Total Expenditures	\$ 2,227,834	\$ 2,318,223

Source: Adopted Budgets of the Fire District.

Mastic Fire District

MASTIC FIRE DISTRICT, IN THE TOWN OF BROOKHAVEN

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND /OR UPDATED BY THE FIRE DISTRICT'S AUDITORS IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT. CONSENT OF THE AUDITORS FOR INCLUSION OF THE AUDITED FINANCIAL REPORT IN THIS OFFICIAL STATEMENT HAS NOT BEEN REQUESTED NOR OBTAINED.

MASTIC FIRE DISTRICT

Financial Statements (Regulatory Basis)
and Supplementary Information
with Independent Auditor's Report

For the Year Ended December 31, 2023

MASTIC FIRE DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Fire Commissioners
Mastic Fire District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying regulatory basis financial statements of the Mastic Fire District (the "District"), which comprise the balance sheet - general fund and account groups as of December 31, 2023, and the related statement of revenues, expenditures, and changes in fund balances - general fund for the year then ended, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory basis financial statements referred to above present fairly, in all material respects, the assets, liabilities, deferred inflows of resources, and fund balances of the general fund and account groups as of December 31, 2023, and the respective revenues, expenditures, and changes in fund balances-general fund for the year then ended, in accordance with the financial reporting provisions of the State of New York Uniform System of Accounts for Fire Districts as described in Note 1.

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 financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of December 31, 2023, or changes in its net position 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 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 audit opinions.

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

As described in Note 1, the financial statements are prepared by the District on the basis of the financial reporting provisions of the State of New York Uniform System of Accounts for Fire Districts, which is a basis of accounting other than accounting

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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 these financial statements in accordance with the financial reporting provisions of the State of New York Uniform System of Accounts for Fire Districts. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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.

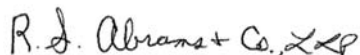
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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. The Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General – Operating Fund – Regulatory Basis is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the financial statements as a whole on the regulatory basis of accounting as described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2024 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



R.S. Abrams & Co., LLP
Islandia, New York
June 27, 2024

MASTIC FIRE DISTRICT
BALANCE SHEET - GENERAL FUND AND ACCOUNT GROUPS - REGULATORY BASIS
DECEMBER 31, 2023

	Governmental Fund				Account Groups - Non Current		
	General Fund				Assets	Liabilities	Total
	Operating	Capital Reserves	Service Award Program	Total Governmental Funds			
Assets							
Cash and cash equivalents - unrestricted	\$ 859,356	\$ -	\$ -	\$ 859,356	\$ -	\$ -	\$ 859,356
Cash and cash equivalents - restricted		1,986,212		1,986,212			1,986,212
Prepaid items	37,651			37,651			37,651
Service award program assets			3,350,176	3,350,176			3,350,176
Capital assets					22,062,133		22,062,133
Intangible lease assets					7,053		7,053
Lease receivable	7,903			7,903			7,903
Amounts to be provided for in future budgets						3,997,980	3,997,980
Total Assets	\$ 904,910	\$ 1,986,212	\$ 3,350,176	\$ 6,241,298	\$ 22,069,186	\$ 3,997,980	\$ 32,308,464
Liabilities, Deferred Inflows of Resources, and Fund Balances							
Liabilities							
Accounts payable	\$ 98,395	\$ -	\$ -	\$ 98,395	\$ -	\$ -	\$ 98,395
Accrued liabilities	5,624			5,624			5,624
Lease liability						3,659	3,659
Net pension liability - proportionate share						33,180	33,180
Length of service award program - actuarial liability						3,961,141	3,961,141
Total Liabilities	104,019	-	-	104,019	-	3,997,980	4,101,999
Deferred Inflows of Resources							
Leases	7,903			7,903			7,903
Total Deferred Inflows of Resources	7,903	-	-	7,903	-	-	7,903
Fund Balances							
Investment in capital assets and pensions					22,069,186		\$ 22,069,186
Nonspendable	37,651			37,651			37,651
Restricted							
Building		981,703		981,703			981,703
Equipment		963,748		963,748			963,748
Maintenance		40,761		40,761			40,761
Restricted for service award program			3,350,176	3,350,176			3,350,176
Assigned							
Appropriated fund balance	153,307			153,307			153,307
Unappropriated fund balance	400,000			400,000			400,000
Unassigned	202,030			202,030			202,030
Total Fund Balances	792,988	1,986,212	3,350,176	6,129,376	22,069,186	-	28,198,562
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 904,910	\$ 1,986,212	\$ 3,350,176	\$ 6,241,298	\$ 22,069,186	\$ 3,997,980	\$ 32,308,464

MASTIC FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GENERAL FUND - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Governmental Fund			Total Governmental Fund
	General Fund			
	Operating	Capital Reserves	Service Award Program	
Revenues				
Real property taxes	\$ 1,790,771	\$ -	\$ -	\$ 1,790,771
Interest and earnings	49,537	72,337		121,874
Investment income			102,883	102,883
Fire protection services	175,000			175,000
Insurance recoveries	554			554
Rentals	13,125			13,125
Sale of equipment	202,500			202,500
Federal sources	21,031			21,031
State sources	1,500			1,500
Other income	5,689			5,689
Total Revenues	<u>2,259,707</u>	<u>72,337</u>	<u>102,883</u>	<u>2,434,927</u>
Expenditures				
Personal services	111,496			111,496
Equipment and capital outlay	159,250	422,929		582,179
Contractual services	807,908			807,908
NYS retirement	5,592			5,592
Local service award pension (LOSAP)	4,860		244,451	249,311
Social security	8,505			8,505
Workers' compensation	89,200			89,200
Insurance benefits	145,956			145,956
Debt service principal	1,383			1,383
Debt service interest	143			143
Total Expenditures	<u>1,334,293</u>	<u>422,929</u>	<u>244,451</u>	<u>2,001,673</u>
Other Financing Sources (Uses)				
Operating transfers in		700,000	244,996	944,996
Operating transfer out	(944,996)			(944,996)
Total Other Financing Sources (Uses)	<u>(944,996)</u>	<u>700,000</u>	<u>244,996</u>	<u>-</u>
Net Change in Fund Balances	(19,582)	349,408	103,428	433,254
Fund Balances - Beginning of Year	<u>812,570</u>	<u>1,636,804</u>	<u>3,246,748</u>	<u>5,696,122</u>
Fund Balances - End of Year	<u>\$ 792,988</u>	<u>\$ 1,986,212</u>	<u>\$ 3,350,176</u>	<u>\$ 6,129,376</u>

MASTIC FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Mastic Fire District (the “District”), as of and for the year ended December 31, 2023, have been prepared using accounting practices prescribed and permitted by the State of New York Uniform System of Accounts for Fire Districts, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The financial statements of the District have been prepared using the modified accrual basis of accounting. This method differs from GAAP, which requires the preparation of additional financial statements using the accrual basis of accounting. The accrual basis financial statements require the capitalization and depreciation and amortization of property and equipment and intangible lease assets and the recording of long-term liabilities and deferred outflows and inflows of resources. Under the modified accrual basis of accounting, property and equipment and intangible lease assets are recorded as an expenditure when purchased or financed and long-term liabilities are recognized to the extent that the liabilities mature during the year. In addition, GAAP requires the financial statements to be prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. GASB Statement No. 34 financial statements require the presentation of government-wide financial statements and management’s discussion and analysis. The accounting practices used by the District to prepare these financial statements do not require compliance with GASB Statement No. 34.

The significant accounting policies of the District are described below:

A. Financial Reporting Entity

The District was founded in 1925. The Board of Fire Commissioners (the "Board") is the legislative body responsible for the overall operations of the District. The Chairman serves as chief executive officer and the Treasurer serves as chief fiscal officer. The primary function of the District is to provide fire-protection, rescue, and emergency services to the local community. 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 governmental organizations have been included or excluded from the financial reporting entity.

B. Basis of Presentation – Fund Accounting

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

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

MASTIC FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

1. Fund Categories

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

General Fund:

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

General - Capital Reserves Fund – The general - capital reserves fund is used to account for the financial resources and the disbursements used for acquisition, construction, or major repair of capital facilities. These funds were established within the provisions of New York State Municipal Law. General - capital reserves 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 becomes part of the respective general - capital reserves fund.

General - Service Award Program Fund – The general - 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 District’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.

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

Noncurrent Assets Account Group – The noncurrent assets account group is used to account for land, buildings, and equipment owned or leased by the District. The District accounts for land, buildings, and equipment at historical cost. Intangible lease assets are reported at the present value of remaining future lease payments at the commencement of the lease term. The noncurrent assets account group also accounts for the net pension asset – proportionate share, when applicable.

Noncurrent Liabilities Account Group – The noncurrent liabilities account group is used to account for all long-term debt and other obligations of the District. Long-term liabilities include obligations such as vested or accumulated vacation and/or sick leave (if applicable), lease liability, net pension liability, and length of service award program actuarial liability, which will be funded in future budgets.

MASTIC FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

C. Basis of Accounting/ Measurement Focus

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

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

Expenditures are recorded when the related fund liability is incurred except for prepaid items, which are recognized in the period of benefit; principal and interest on general long-term debt and lease liability, which are not recorded as expenditures until payment is due; and unfunded claims and judgments, net pension liability, and length of service award program (LOSAP) accrued actuarial liability, which are only recognized as expenditures to the extent they have been paid. General capital asset and intangible lease asset acquisitions are reported as expenditures in the governmental fund.

D. Real Property Taxes

Real property taxes are levied annually by the District no later than November 1st and become a lien on December 1st. The District's tax levy is collected by the Town of Brookhaven and remitted to the District. The County of Suffolk is responsible for all uncollected taxes.

E. Budgetary Data

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

The proposed budget must be adopted by resolution of the Board on or before the 21st day prior to the public hearing. The proposed budget must include estimates of revenues, the 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 of Brookhaven 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.

MASTIC FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

F. Interfund Transactions

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

Refer to Note 7 for a detailed disclosure of interfund transactions.

G. Use of Estimates

The preparation of financial statements in accordance with the financial reporting provisions of the State of New York Uniform System of Accounts for Fire Districts requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements and notes thereto. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including lease receivable and deferred inflows of resources- leases, lease liability, net pension asset/(liability), and length of service award program liability – actuarial liability.

H. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and monies in demand deposit checking or savings accounts, and cash in time deposits, if applicable. This consists of monies held in an interest-bearing account with restrictions or penalties for withdrawal, such as money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition.

I. Accounts Receivable

Accounts receivable are recorded and revenues recognized as earned or as specific grant program expenditures are incurred. There are no outstanding accounts receivable amounts as of December 31, 2023.

J. Prepaid Items

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

K. Capital Assets

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

The District evaluates prominent events or changes in circumstances affecting capital assets to

MASTIC FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At December 31, 2023, the District has not recorded any such impairment losses.

L. Intangible Lease Assets

Intangible lease assets are reported at the present value of remaining future lease payments at the commencement of the lease term. The discount rate utilized is either the interest rate implicit within the lease agreement, or if not readily determinable, the District's estimated incremental borrowing rate.

Capitalization thresholds (the dollar value above which intangible lease asset acquisitions are added to the intangible lease asset accounts) follow the same thresholds as noted above for capital assets.

M. Deferred Outflows/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. There are no deferred outflows of resources recorded in the financial statements.

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. Deferred inflows of resources in the general - operating fund relate to leases.

N. Employee Benefits – Pension Plans

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

Eligible volunteer firefighters participate in the District-sponsored LOSAP.

O. Fund Balance

1. Classifications

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

- a. **Nonspendable fund balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the prepaid items in the general - operating fund of \$37,651.
- b. **Restricted fund balance** – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Restricted fund balances, generally referred to as reserves in accordance with New York

MASTIC FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

State Law, are created to satisfy legal restrictions, plan for future expenditures, or relate to resources not available for general use of appropriation. These reserve funds are established through Board action or voter approval and a separate identity must be maintained for each reserve. The restricted fund balance reserves currently in use by the District include the following:

Capital Reserves

A capital reserve (General Municipal Law Section 6-g) is used to finance all or part of the costs of construction, reconstruction or acquisition of “specific” or “type” capital improvements or equipment. Establishment of any capital reserve is subject to mandatory referendum (voter approval). Expenditures from a “specific” reserve require a resolution by the Board. Expenditures from a “type” reserve require a resolution by the Board, subject to a permissive referendum. The District’s capital reserves are comprised of a building reserve, equipment reserve, and maintenance reserve, all of which are accounted for in the general - capital reserves fund.

Restricted for Service Award Program

The service award program fund within the general fund is used to account for and report financial resources that are restricted to expenditure for the District’s LOSAP. The activity in the service award program fund is funded through budgeted contributions from the general - operating fund, as actuarially recommended, as well as investment earnings on the Plan’s assets.

- c. **Committed fund balance** – includes amounts that can only be used for the specific purpose pursuant to constraints imposed by formal action of the District’s highest level of decision-making authority. The District has no committed fund balance as of December 31, 2023.
 - d. **Assigned fund balance** – Includes amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund. The District has \$153,307 of assigned appropriated fund balance as of December 31, 2023 for the subsequent year’s budget and \$400,000 of assigned unappropriated fund balance as of December 31, 2023 to be used to fund the District’s capital reserves in the subsequent year.
2. **Unassigned fund balance** – represents the residual classification for the District’s general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Order of Use of Fund Balances

When an expenditure is incurred for purposes for which both restricted and unrestricted fund

MASTIC FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

balance are available, the District's policy is to consider restricted funds to have been spent first.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Data

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

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

The District did not exceed the statutory spending limitation imposed by New York State Law for the year ended December 31, 2023, and the budget for the year ending December 31, 2023.

The District's Board adopted a budget of \$2,097,634 for the year ending December 31, 2023. This amount was increased to \$2,735,134 due to a budget revision in the amount of \$637,500 relating to the transfer of prior year's surplus to the capital reserve funds.

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

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

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. Deposits are required to 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

MASTIC FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

not in the District’s name.

All of the District’s aggregate bank balances are covered by depository insurance or collateralized by securities held by the pledging financial institution in the District’s name at year end. The District typically does not purchase investments for a duration that is long enough for it to be considered to be exposed to a material interest rate risk.

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

Restricted Cash and Cash Equivalents:

Restricted cash and cash equivalents represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and cash equivalents as of December 31, 2023 amounted to \$1,986,212 related to capital reserves.

(4) LEASE RECEIVABLE

The District recognized a lease receivable and deferred inflow of resources – leases, for agreements entered into in January 2022 whereby the District leases parking lot space to other entities, with an interest rate of 3.15%. The lease receivable and associated deferred inflow of resources will be reduced over the life of the lease term. Management determined that it is not reasonably certain for the renewal option for an additional two years to exercised and thus, the additional two years are not reflected in the lease term detailed below.

Principal and interest lease payments received for the District’s lease receivable amount to were \$11,539 and \$461, respectively, for the fiscal year ended December 31, 2023.

The following is a summary of the principal and interest requirements to maturity for the District’s leases:

Fiscal Year Ended	Principal	Interest	Total
<u>December 31,</u>			
2024	\$ 7,903	\$ 97	\$ 8,000
	<u>\$ 7,903</u>	<u>\$ 97</u>	<u>\$ 8,000</u>

District management has deemed the amounts to be fully collectible.

(5) CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS

A) Capital Assets

Additions and deletions to capital assets are reflected at historical costs. Capital asset balances and activity for the year ended December 31, 2023 consist of the following:

MASTIC FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

	<u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending</u>
Capital Assets				
Building and building improvements	\$ 10,336,966	\$ 61,387	\$ -	\$ 10,398,353
Equipment	11,799,197	452,869	(588,286)	11,663,780
Total Capital Assets	<u>\$ 22,136,163</u>	<u>\$ 514,256</u>	<u>\$ (588,286)</u>	<u>\$ 22,062,133</u>

B) Intangible Lease Assets

The District recognized a lease liability obligation and an intangible lease asset for agreements whereby the District obtains the right to present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The District has entered into a lease agreement in July 2021 for a copier with an interest rate of 3.25%.

The following schedule summarizes the District's intangible lease asset activity for the fiscal year ended December 31, 2023:

	<u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending</u>
Intangible Lease Assets				
Copier	\$ 7,053	\$ -	\$ -	\$ 7,053
Total Intangible Lease Assets	<u>\$ 7,053</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,053</u>

(6) CAPITAL RESERVES

Restricted fund balances related to capital reserves at December 31, 2023 consist of the following:

	<u>Building</u>	<u>Equipment</u>	<u>Maintenance</u>	<u>Total</u>
Restricted Fund Balance - Beginning of Year	\$ 735,506	\$ 857,134	\$ 44,164	\$ 1,636,804
Additions to Reserve:				
Interest	33,701	38,614	22	72,337
Transfers in (from operating fund)	259,000	441,000	-	700,000
Use of Reserves:				
Capital projects	<u>(46,504)</u>	<u>(373,000)</u>	<u>(3,425)</u>	<u>(422,929)</u>
Restricted Fund Balance - Ending of Year	<u>\$ 981,703</u>	<u>\$ 963,748</u>	<u>\$ 40,761</u>	<u>\$ 1,986,212</u>

MASTIC FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

(7) INTERFUND TRANSACTIONS

Interfund activity for the year ended December 31, 2023, is as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General - operating	\$ -	\$ 944,996
General - capital reserves	700,000	-
General- service award program	244,996	-
Total	<u>\$ 944,996</u>	<u>\$ 944,996</u>

The District transfers funds from the general - operating fund to the general - capital reserves fund for Board approved planned increases and prior year surplus. The District transfers funds from the general - operating fund to the general - service award program fund for the actuarially determined annual contribution amount to the District's LOSAP.

(8) LONG-TERM LIABILITIES

Long-term liability balances and activity for the year ended December 31, 2023 are summarized below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Lease liability	\$ 5,042	\$ -	\$ (1,383)	\$ 3,659
Net pension liability - proportionate share	-	38,772	(5,592)	33,180
LOSAP - accrued actuarial liability	3,853,667	351,925	(244,451)	3,961,141
Total	<u>\$ 3,858,709</u>	<u>\$ 390,697</u>	<u>\$ (251,426)</u>	<u>\$ 3,997,980</u>

The general - operating fund has typically been used to liquidate long-term liabilities such as the lease liability, net pension liability, and the LOSAP actuarial liability.

A) Lease Liability

The District recognized a lease liability obligation and an intangible lease asset for agreements whereby the District obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The District has entered into a lease agreement in July 2021 for copiers with an interest rate of 3.25%.

Principal and interest expenses paid on the District's lease liability amounted to \$1,383 and \$143, respectively, for the fiscal year ended December 31, 2023.

The following is a summary of the principal and interest requirements to maturity for the District's leases:

MASTIC FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

Fiscal Year Ended December 31,	Principal	Interest	Total
2024	\$ 1,428	\$ 98	\$ 1,526
2025	1,475	51	1,526
2026	756	7	763
	<u>\$ 3,659</u>	<u>\$ 156</u>	<u>\$ 3,815</u>

(9) PENSION PLANS

A. General Information

The District participates in the NYSERS (the “System”). It is a cost-sharing multiple employer public employee retirement system. The System offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

B. Provisions and Administration

The System provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and benefits due to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State Employees’ Retirement System, 110 State Street, Albany, NY 12244 or by referring to the NYSLRS Comprehensive Annual Financial report which can be found on the System’s website at <http://www.osc.state.ny.us>.

C. Funding Policies

The System is noncontributory for the employees who joined prior to July 27, 1976. Those who joined the System after July 27, 1976, and prior to January 1, 2010, with less than ten years of credited service, are required to contribute 3% of their salary. Employees who joined after January 1, 2010 and before April 1, 2012 are required to contribute 3% of their salary throughout their active memberships. Employees who joined on or after April 1, 2012 are required to contribute 3% of their salary through March 31, 2013 and between 3% and 6%, depending on their salary, for their entire working career. The New York State Comptroller annually certifies the rates expressed as proportions of members’ covered payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS’ fiscal year ended March 31st. The District’s contribution rates for ERS’ fiscal year ended March 31, 2024, by tier as applicable to the District, of covered payroll was as follows:

Tier 4	14.8%
Tier 6	9.4%

MASTIC FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

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

2023	\$	5,592
2022	\$	6,343
2021	\$	9,098

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

- For New York 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 New York 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 New York 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 to allow 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 New York State fiscal years, 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 New York 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.

This law requires participating employers to make payments on a current basis, while amortizing

MASTIC FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program.

The District is not currently amortizing their payments under either law described above.

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

At December 31, 2023, the District reported a liability of \$33,180 for its proportionate share of net pension asset/(liability) in the Noncurrent Liabilities Account Group. The net pension asset/(liability) was measured as of March 31, 2023, and the total pension asset/(liability) was determined by an actuarial valuation as of April 1, 2022. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share to the System relative to the projected contributions of all participating members, as actuarially determined.

At December 31, 2023, the District's proportion of the total pension asset/(liability) was 0.0001547%. The change in proportion since the prior measurement date is -0.0000329%. For the year ended December 31, 2023 the District recognized pension expenditures of \$5,592 in the general - operating fund. Under GAAP presentation, the District would have recognized \$15,268 in pension expense. The District made a contribution subsequent to the measurement date in the amount of \$4,391; under a GAAP presentation, this would be considered a deferred outflow of resources. However, under the modified accrual basis of accounting, this payment was expensed in the general - operating fund in fiscal year 2023.

At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the System from the following sources:

	Account Groupings	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 3,534	\$ 932
Changes of assumptions	16,114	178
Net difference between projected and actual investment earnings on the System's investments	-	195
Changes in proportion and differences between employer contribution and proportionate share of contributions	7,586	2,070
Payments subsequent to measurement date	4,391	-
Total	\$ 31,625	\$ 3,375

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended December 31, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense (benefit) as follows:

MASTIC FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

	<u>ERS</u>
Fiscal year ended:	
2024	\$ 6,797
2025	912
2026	7,430
2027	8,720
2028	-
Thereafter	-
	\$ 23,859

Actuarial Assumptions

The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension asset/(liability) to the measurement date. The actuarial valuation used the following actuarial assumptions:

	<u>ERS</u>
Measurement date	March 31, 2023
Actuarial valuation date	April 1, 2022
Investment rate of return (net of investment expense, including inflation)	5.9%
Salary scale	4.4%
Cost of living adjustments	1.5% annually
Decrement tables	April 1, 2015 - March 31, 2020
	System's Experience
Inflation	2.9%

The 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 – 2021.

The actuarial assumptions used in the April 1, 2022 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 return, 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 the arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized below:

MASTIC FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

<u>Measurement Date</u>	<u>March 31, 2023</u>	
<u>Asset type</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	32%	4.30%
International equity	15%	6.85%
Private equity	10%	7.50%
Real estate	9%	4.60%
Opportunistic / Absolute return strategy	3%	5.38%
Real assets	3%	5.84%
Credit	4%	5.43%
Cash	1%	0.00%
Fixed income	23%	1.50%
	<u>100%</u>	

The expected real rate of return is net of the long-term inflation assumptions of 2.50%

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 5.90%. 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 asset/(liability).

Sensitivity of the Proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.90%, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.90%) or 1-percentage-point higher (6.90%) than the current rate:

<u>ERS</u>	<u>1% Decrease (4.90%)</u>	<u>Current Assumption (5.90%)</u>	<u>1% Increase (6.90%)</u>
District's proportionate share of the net pension asset/(liability)	<u>(\$80,183)</u>	<u>(\$33,180)</u>	<u>\$6,096</u>

MASTIC FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NYSERS- Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the System as of March 31, 2023, were as follows:

	(Dollars in Thousands)
Measurement date	March 31, 2023
Employers' total pension liability	\$ (232,627,259)
Plan fiduciary net position	<u>211,183,223</u>
Employers' net pension asset/(liability)	<u>\$ (21,444,036)</u>
Ratio of System net position to the System's total pension liability	90.78%

(10) LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)

A. The District established a defined benefit LOSAP (the “Program”) for the active volunteer firefighters of the Mastic Fire Department. The Program took effect on January 1, 1990. The Program was established pursuant to Article 11-A of the General Municipal Law. The Program provides municipally-funded pension-like benefits to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The District is the sponsor of the Program. The information contained in this note is based on information for the LOSAP for the plan year ending on December 31, 2023, which is the most recent plan year for which complete information is available.

B. Program Description

1. Participation, Vesting, and Service Credit

Active volunteer firefighters who have reached the age of 18 and who have completed 1 year of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to a service award after being credited with 5 years of firefighting service or upon attaining the program’s entitlement age. The program’s entitlement age is age 55. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for 5 years of firefighting service rendered prior to the establishment of the program.

2. Benefits

A participant’s benefit under the program is the actuarial equivalent of a monthly payment for life equal to \$20 multiplied by the person’s total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed forty. Benefits

MASTIC FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

are not payable until the anniversary date following attainment of age 55. 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.

3. Fiduciary Investment and Control

Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by the District for all members participating in the Program. The district must maintain all required records on forms prescribed by the governing board.

The governing board of the sponsor has retained and designated VFIS to assist in the administration of the program. The designated program administrator's functions include providing actuarial services, future funding requirements, and disbursements of benefits. Disbursements of program assets for the payment of benefits or administrative expenses must be approved by the Fire Commissioners of the District.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries, or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The trust agreement is dated October 10, 1989, and the trustees are the Fire Commissioners of the District.

Authority to invest program assets is vested in the Commissioners of the District. Subject to restrictions in the program document, program assets are invested in accordance with a statutory "prudent person" rule.

The 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 Gail E. Johnson

Consulting Actuary. Portions of the following information are derived from a report prepared by the actuary dated June 24, 2024.

MASTIC FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

C. Program Financial Condition

1. Assets and Liabilities

Actuarial Present Value of Accrued Services as of March 1, 2024		\$	3,961,141
Less: Assets Available for Benefits			
Group Annuities	% of total		
	100%		3,334,956
Total Net Assets Available for Benefits			3,334,956
Total Unfunded Benefits - Current			626,185
Less: Unfunded Liability for Prior Service			-
Unfunded Normal Benefits		\$	626,185

2. Receipts and Disbursements

Plan Net Assets, beginning of plan year		\$	3,245,932
Changes during the plan year:			
+ Plan contributions			198,639
+ Investment income earned			98,770
- Plan benefit withdrawals			(203,525)
- Administrative and other fees/charges			(4,860)
Plan Net Assets, end of plan year		\$	3,334,956

3. Contributions

Amount of District's contribution recommended by actuary:		\$	244,996
Amount of District's actual contribution:		\$	244,996

D. Funding Methodology and Actuarial Assumptions

1. Normal Costs

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the Entry Age Normal Frozen Initial Liability method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value benefits are:

Assumed rate of return on program investments:	4.25%
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MASTIC FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

Mortality Tables Used:

Pre-retirement

Assumed Rate of Return:	4.25%
Mortality, Withdrawal, Disability:	None

Post-retirement

Assumed Rate of Return:	4.25%
Mortality:	RP2000M/F> 2030, RP2000F>2030

The above information is based on the District's LOSAP actuarial valuation report as of the valuation date of March 1, 2024, which is the most recent valuation report available at the time of the financial statements' issuance. The District's actual LOSAP plan assets as of December 31, 2023 as reflected in the financial statements are \$3,350,176.

(11) RISK MANAGEMENT/CONTINGENCIES

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

(12) COMMITMENTS

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

(13) SUBSEQUENT EVENTS

Management has evaluated the activity of the District through June 27, 2024, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements, other than as noted below:

On February 6, 2024, the voters approved the issuance of bonds in the principal amounts not to exceed \$1,250,000 and \$1,084,000 for the construction of improvements to the existing firehouse and headquarters building and acquisition of a fire engine, respectively. No debt amounts have been issued relating to the aforementioned authorized amounts as of the date the financial statements were available to be issued.

MASTIC FIRE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL - OPERATING FUND - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Real property taxes	\$ 1,790,713	\$ 1,790,713	\$ 1,790,771	\$ 58
Interest and earnings	3,000	3,000	49,537	46,537
Fire protection services	175,000	175,000	175,000	-
Insurance recoveries			554	554
Rentals	1,000	1,000	13,125	12,125
Sale of equipment			202,500	202,500
Federal sources			21,031	21,031
State sources			1,500	1,500
Other income			5,689	5,689
Total Revenues	<u>1,969,713</u>	<u>1,969,713</u>	<u>2,259,707</u>	<u>\$ 289,994</u>
Other Financing Sources				
Appropriated fund balance	<u>127,921</u>	<u>765,421</u>		
Total Revenues and Other Sources	<u>\$ 2,097,634</u>	<u>\$ 2,735,134</u>		
Expenditures				
Personal services	\$ 140,000	\$ 140,000	111,496	\$ 28,504
Equipment and capital outlay	280,000	280,000	159,250	120,750
Contractual services	909,034	909,034	807,908	101,126
NYS retirement	12,000	7,140	5,592	1,548
Local Service Award Pension		4,860	4,860	-
Social security	9,100	9,100	8,505	595
Workers' compensation	200,000	200,000	89,200	110,800
Insurance benefits	173,000	171,474	145,956	25,518
Medical insurance	12,000	12,000		12,000
Contingency	20,000	20,000		20,000
Debt service principal		1,383	1,383	-
Debt service interest		143	143	-
Total Expenditures	<u>1,755,134</u>	<u>1,755,134</u>	<u>1,334,293</u>	<u>420,841</u>
Other Financing Uses				
Transfer to service award program	280,000	280,000	244,996	35,004
Planned increase to capital reserves	62,500	62,500	62,500	-
Transfers to capital reserves - prior year's surplus		637,500	637,500	-
Total Expenditures and Other Financing Uses	<u>\$ 2,097,634</u>	<u>\$ 2,735,134</u>	<u>2,279,289</u>	<u>\$ 455,845</u>
Change in fund balances			(19,582)	
Fund balances - beginning			<u>812,570</u>	
Fund balances - ending			<u>\$ 792,988</u>	

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
Mastic Fire District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the general fund and account groups of Mastic Fire District (the "District"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 27, 2024.

Report on 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 designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that 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*.

Purpose of this Report

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

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
June 27, 2024

APPENDIX C

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

FORM OF OPINION OF BOND COUNSEL

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

February 4, 2025

The Board of Commissioner of the
Mastic Fire District, in the Town of Brookhaven,
County of Suffolk, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Mastic Fire District, in the Town of Brookhaven (the “Fire District”), in the County of Suffolk, 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 \$1,250,000 Bond Anticipation Notes – 2025 (the “Notes”) of the Fire District 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 upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes 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 Notes 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 Notes 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 Notes 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 Notes is not treated as a preference item in calculating the alternative minimum tax under the Code; however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Notes in order that the interest on the Notes be and remain excludable from gross income 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 Notes, restrictions on the investment of proceeds of the Notes 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 Notes 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 Notes, the Fire District will execute a Tax Certificate relating to the Notes 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 Notes 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 certifications, 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 Notes, and (ii) compliance by the Fire District with the procedures and certifications set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Notes 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 Notes, 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 Notes.

We give no assurances as to the accuracy, sufficiency or completeness of the Preliminary or Final Official Statement 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 said Notes.

Very truly yours,

APPENDIX D

FORM OF EVENTS NOTICE UNDERTAKING

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

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

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

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

“Issuer” shall mean the Mastic Fire District, in the Town of Brookhaven, in the County of Suffolk, 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.

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the Fire District Treasurer as of February 4, 2025.

“Rule 15c2-12” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

“Securities” shall mean the Issuer’s **\$1,250,000 Bond Anticipation Note-2025**, dated February 4, 2025, maturing February 4, 2026, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (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 Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any 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, as defined in Rule 15c2-12, of the Issuer, if material, or agreement to covenants, events of default, remedies, priority 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.

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

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

Section 3. 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 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (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 5. 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 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 5 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 6. 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 in accordance with 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.

Section 7. 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 8. 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 **February 4, 2025**.

MASTIC FIRE DISTRICT, IN THE TOWN OF BROOKHAVEN, NEW YORK

By: _____
Fire District Treasurer