

OFFICIAL STATEMENT

SERIAL BONDS

Ratings: See “Ratings” herein

In the opinion of Bond Counsel, under existing statutes, regulations, administrative rulings, and court decisions, and assuming continuing compliance by the Fire District with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the “Code”), and the accuracy of certain representations made by the Fire District, interest on the Bonds is excluded from gross income of the owners thereof for Federal income tax purposes and is not an “item of tax preference” for purposes of the Federal alternative minimum tax imposed on individuals and corporations; interest on the Bonds is, however, included in “adjusted current earnings” for purposes of calculating the Federal alternative minimum tax imposed on certain corporations. Bond Counsel is also of the opinion that under existing statutes interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). No opinion is expressed regarding other Federal or State tax consequences arising with respect to the Bonds. See “TAX MATTERS” herein.

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

ORCHARD PARK FIRE DISTRICT IN THE TOWN OF ORCHARD PARK ERIE COUNTY, NEW YORK

\$3,000,000

VARIOUS PURPOSE SERIAL BONDS – 2018 (the “Bonds”)

Dated Date: Date of Delivery

**Maturity Date: January 15, 2019-2033
(as shown on the inside cover)**

The Bonds are general obligations of the Orchard Park Fire District in the Town of Orchard Park, Erie 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 of and interest on the Bonds and, unless paid from other sources, the Bonds are payable from ad valorem taxes which may be levied upon all the taxable real property within the Fire District, subject to certain statutory limitations imposed by Chapter 97 of the Laws of 2011 of the State of New York. See “TAX LEVY LIMITATION LAW” herein).

The Bonds will be issued as registered bonds, and at the option of the purchaser, may be registered to the Depository Trust Company (“DTC” or the “Securities Depository”) or may be registered in the name of the purchaser.

If the Bonds will be issued through DTC, the Bonds will be registered in the name of Cede & Co., as nominee of DTC, which will act as Securities Depository for the Bonds. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds. Payments of principal of and interest on the Bonds will be made by the Paying agent to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds.

If the Bonds are registered in the name of the purchaser, principal of and interest on the Bonds will be payable in Federal Funds and the Fire District will act as paying agent. In such case, the Bonds will be issued in registered form in denominations of \$5,000 or integral multiples thereof, as may be determined by such successful bidder.

The Bonds will be dated their date of delivery and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser of the Bonds, with interest payable on January 15, 2019, July 1, 2019 and semi-annually thereafter on each January 15 and July 15. The Bonds will mature on January 15, as shown on the inside cover page hereof. Certain maturities of the Bonds will be subject to redemption to prior to maturity (see “*Optional Redemption of the Bonds*” herein).

The Bonds are offered when, as and if issued by the Fire District and subject to the final approving opinion of Harris Beach PLLC, Buffalo, New York, Bond Counsel to the Fire District, and certain other conditions. Capital Markets Advisors, LLC has served as Financial Advisor to the Fire District in connection with the issuance of the Bonds. It is expected that delivery of the Bonds will be made through the facilities of DTC on or about the Date of Issue, which January 30, 2018.

THIS OFFICIAL STATEMENT IS IN A FORM DEEMED TO BE FINAL BY THE FIRE DISTRICT FOR THE PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE “RULE”) EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE BONDS. FOR A DESCRIPTION OF THE FIRE DISTRICT’S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE AS DESCRIBED IN THE RULE, SEE “DISCLOSURE UNDERTAKING” HEREIN.

Dated: January 9, 2018

The Bonds will mature on January 15 in each year as set forth below. Interest on the Bonds will be payable on January 15, 2019, July 15, 2019 and semi-annually thereafter on January 15 and July 15 in each year until maturity. Certain maturities of the Bonds will be subject to redemption prior to maturity (see “*Optional Redemption of the Bonds*” herein).

<u>Maturity</u>	<u>Amount</u>	Interest		<u>CUSIP*</u>	<u>Maturity</u>	<u>Amount</u>	Interest		<u>CUSIP*</u>
		<u>Rate</u>	<u>Yield</u>				<u>Rate</u>	<u>Yield</u>	
2019	\$ 135,000				2027	\$ 130,000			
2020	410,000				2028**	135,000			
2021	495,000				2029**	140,000			
2022	515,000				2030**	140,000			
2023	115,000				2031**	145,000			
2024	120,000				2032**	145,000			
2025	125,000				2033**	120,000			
2026	130,000								

* CUSIP numbers have been assigned by an independent company not affiliated with the Fire District and are included solely for the convenience of the holders of the Bonds. The Fire District is not responsible for the selection or uses of these CUSIP numbers and no representation is made to their correctness on the Bonds or as indicated above.

**Certain principal maturities of the Bonds are subject to optional redemption prior to maturity, see “*Optional Redemption for the Bonds*” herein.

**ORCHARD PARK FIRE DISTRICT
IN THE TOWN OF ORCHARD PARK
ERIE COUNTY, NEW YORK**

BOARD OF FIRE COMMISSIONERS

Guy Carey
District Fire Chief

Kenneth Machermer Chairman
Paul Bodden Commissioner
Gregory Gill Commissioner
Marylyn Weichmann Commissioner
Frank Wierzbowski Commissioner

Roberta Buczkowski Secretary
Christine Petrie Treasurer
Penny Jensen Deputy Treasurer
Michael Chelus, Esq. Attorney

INDEPENDENT AUDITOR

**Bonadio & Co., LLP
Amherst, New York**

BOND COUNSEL

**Harris Beach PLLC
Buffalo, New York**

MUNICIPAL ADVISOR



**Capital Markets Advisors, LLC
Hudson Valley * Long Island * Southern Tier * Western New York
(716) 662-3910**

No dealer, broker, salesperson 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 shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Fire District from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Fire District since the date hereon.

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OFFICIAL STATEMENT

**ORCHARD PARK FIRE DISTRICT
IN THE TOWN OF ORCHARD PARK
ERIE COUNTY, NEW YORK**

Relating to

\$3,000,000

**VARIOUS PURPOSE SERIAL BONDS – 2018
(the “Bonds”)**

This Official Statement including the cover page and appendices hereto, presents certain information relating to the Orchard Park Fire District in the Town of Orchard Park, County of Erie, State of New York (the Fire District, Town, County, and State, respectively) in connection with the sale of \$3,000,000 Various Purpose Serial Bonds – 2018 (the “Bonds”).

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

THE BONDS

Description

The Bonds will be dated the date of delivery, which is expected to be January 30, 2018 and will bear interest from such date at the annual rate or rates as specified by the purchaser, payable on January 15, 2019, July 15, 2019 and semi-annually thereafter on January 15 and July 15 in each year until maturity. The Bonds will mature in each of the years and will bear interest at the rates as shown on the inside cover page hereof.

The Bonds will be issued as registered bonds, and at the option of the purchaser, may be registered to the Depository Trust Company (“DTC” or the “Securities Depository”) or may be registered in the name of the purchaser.

If the Bonds will be issued through DTC, the Bonds will be issued through DTC and registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Bonds. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds. Payments of principal of and interest on the Bonds will be made by the Paying agent to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds.

If the Bonds are registered in the name of the purchaser, principal of and interest on the Bonds will be payable in Federal Funds at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. In such case, the Bonds will be issued in registered form in denominations of \$5,000 or integral multiples thereof, as may be determined by such successful bidder.

Certain maturities of the Bonds will be subject to redemption to prior to maturity (see “*Optional Redemption of the Bonds*” herein).

The record date for the Bonds will be the close of business on the last business day of the month preceding each interest payment date.

The Fire District will act as Paying Agent for the Bonds. The Fire District’s contact information is as follows: Christine Petrie, Fire District Treasurer, 3920 Taylor Road, Orchard Park, NY 14127, Phone: (716) 662-2619, Email: Treasurer@opfd.org.

Authority for and Purpose of the Bonds

The Bonds are authorized to be issued pursuant to the Constitution and laws of the State, including among others, the Town Law, the Local Finance Law and a bond resolution duly adopted by the Board of Fire Commissioners of the Fire District on November 8, 2016.

The bond resolution authorized the issuance of up to \$3,000,000 in serial bonds of the Fire District to finance various capital improvements and acquisition of certain vehicles to be located in and utilized by the Fire District. Such resolution was approved by qualified voters of the Fire District at a Special Election on December 13, 2016. A portion of the proceeds received from the sale of the Bonds will be applied to redeem the \$1,600,000 bond anticipation notes issued by the Fire District on February 1, 2017 and maturing on February 1, 2018. The remaining portion of the proceeds of the Bonds will provide \$1,400,000 of new financing for such purposes. Following the issuance of the Bonds, the Fire District will not have any authorized but unissued debt.

<u>Purpose</u>	<u>Authorization Date</u>	<u>Amount Outstanding</u>	<u>Original Issue Date</u>	<u>New Money</u>	<u>The Bonds</u>
Headquarters Project	11/8/2016	\$ 800,000	2/1/2017	\$550,000	\$1,350,000
Hillcrest Project	11/8/2016	500,000	2/1/2017	0	500,000
Vehicles Project	11/8/2016	<u>300,000</u>	2/1/2017	<u>850,000</u>	<u>1,150,000</u>
		<u>\$1,600,000</u>		<u>\$1,400,000</u>	<u>\$3,000,000</u>

Nature of Obligation

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

The Bonds will be general obligations of the Fire District and will contain a pledge of the faith and credit of the Fire District for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest the Fire District has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the Fire District, subject to applicable statutory limits (see ‘TAX LEVY LIMITATION LAW’ herein).

Under the Local Finance Law, the Fire District is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds, Under the State Constitution the State is specifically precluded from restricting the power of the Fire District to levy taxes on real estate therefor.

Optional Redemption for the Bonds

The Bonds maturing in the years 2019 to 2027, inclusive, are not subject to redemption prior to maturity.

The Bonds maturing on or after January 15, 2028 will be subject to redemption prior to maturity, at the option of the Fire District, on any date on or after January 15, 2027, in whole or in part, and if in part in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at the redemption price of 100% of the par amount of the Bonds to be redeemed, plus accrued interest to the date of redemption.

Book-Entry-Only System

The following applies to the Bonds, if the Bonds are issued as book-entry Bonds. In such scenario, the Depository Trust Company (“DTC”), will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued and deposited with DTC for each maturity of the Bonds in the aggregate principal amount of the issue. DTC, the world’s largest depository, 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 securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account 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. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Fire District, on 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 or the Fire District, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of principal and interest 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 Bonds at any time by giving reasonable notice to the Fire District. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Fire District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Fire District believes to be reliable, but the Fire District takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

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

The financial condition of the Fire District as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the Fire District's control. There can be no assurance that adverse events in the State, including, for example, the seeking by a municipality of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Bonds. If a significant default or other financial crisis should occur in the affairs of the State or at any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the Fire District to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The Fire District is not dependent on financial assistance from the State; however, the Town of Orchard Park is so dependent. If the State should experience difficulty in borrowing funds in anticipation of the receipt of the State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in any year, the Town may be affected by a delay, until sufficient State taxes have been received by the State to make State aid payments to the Town.

No delay in payment of State aid to the Town is presently anticipated although no assurance can be given that there will not be a delay in payment thereof. In several recent years, the Town received delayed payments of State aid, which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations.

TAX MATTERS

In the opinion of Bond Counsel, based on existing statutes, regulations, administrative rulings and court decisions and assuming compliance by the Fire District with certain covenants and the accuracy of certain representations, interest on the Bonds is excluded from gross income for Federal income tax purposes.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various limitations, conditions and other requirements which must be met at and subsequent to the date of issue of the Bonds in order that interest on the Bonds will be and remain excluded from gross income for Federal income tax purposes. Included among these requirements are restrictions on the investment and use of proceeds of the Bonds and in certain circumstances, payment of amounts in respect of such proceeds to the United States. Failure to comply with the requirement of the Code may cause interest on the Bonds to be includable in gross income for purposes of Federal income tax, possibly from the date of issuance of the Bonds. The Fire District has covenanted to comply with certain procedures and it has made certain representations and certifications, designed to assure satisfaction of the requirements of the Code in respect to the Bonds. The opinion of Bond Counsel assumes compliance with such covenants and the accuracy, in all material respects, of such representations and certifications.

Bond Counsel is of the further opinion that interest on the Bonds is not an "item of tax preference" for purposes of Federal alternative minimum tax on individuals and corporations; interest on the Bonds is, however, included in the calculation of "adjusted current earnings" for purposes of calculating the Federal alternative minimum tax imposed on certain corporations. Prospective purchasers of the Bonds should consult their tax advisors regarding the calculation of any alternative minimum tax liability.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds, and the accrual or receipt of interest thereon, may have collateral Federal income tax consequences for certain taxpayers, including financial institutions,

property and casualty insurance companies, corporations, certain foreign corporations, individual recipients of Social Security or Railroad benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences of their ownership of the Bonds and their accrual or receipt of interest thereon. Bond Counsel expresses no opinion regarding any such collateral Federal income tax consequences.

The Bonds shall be designated or deemed designated as “qualified tax exempt obligations” within the meaning of, and pursuant to Section 265(b)(3) of the Code.

In the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxes imposed by the State and any political subdivision thereof (including The City of New York).

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance and delivery of the Bonds may affect the tax status of interest on the Bonds.

No assurance can be given that current or future legislative proposals, if enacted into law, including amendments to the Code or the State income tax laws, regulations, administrative rulings, or court decisions, will not, directly or indirectly, cause interest on the Bonds to be subject to federal or State income taxation, or otherwise prevent Bondholders from realizing the full current benefit of the tax status of such interest. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any judicial decision or action of the Internal Revenue Service or any State taxing authority, including, but not limited to, the promulgation of a regulation or ruling, or the selection of the Bonds for audit examination, or the course or result of any Internal Revenue Service examination of the Bonds or of obligations which present similar tax issues, will not affect the market price or marketability of the Bonds. For example, on December 20, 2017, the United States Congress approved legislation which was enacted into law and which will, among other things, reduce corporate income tax rates, change individual income tax brackets, eliminate the federal alternative minimum tax imposed on corporations, and increase the income thresholds for taxpayers to be subject to federal alternative minimum tax imposed on individuals, effective for tax years beginning after December 31, 2017. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

All summaries and explanations of provisions of law do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

ALL PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE BONDS.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds will be subject to the final approving opinion of Harris Beach PLLC, Buffalo, New York, Bond Counsel to the Fire District. Such legal opinion will state that in the opinion of Bond Counsel the Bonds have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Fire District, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to the applicable statutory limitations set forth in Chapter 97 of the Laws of 2011 of the State of New York (see “TAX LEVY LIMITATION LAW” in Appendix A hereto); provided, however, that the enforceability (but not the validity) of the Bonds may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or Federal) affecting the enforcement of creditors’ rights.

Such legal opinion will also state that (i) in rendering the opinions expressed therein, Bond Counsel has assumed the accuracy and truthfulness of all public records, documents and proceedings examined by Bond Counsel which have been executed or certified by public officials acting within the scope of their official capacities and has not verified the accuracy or truthfulness thereof, and Bond Counsel also has assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and such certifications thereof; (ii) the scope of Bond Counsel’s engagement in relation to the issuance of the Bonds has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein; (iii) the opinions expressed therein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries

of the Fire District together with other legally available sources of revenue, if any, will be sufficient to enable the Fire District to pay the principal of and interest on the Bonds as the same respectively become due and payable; (iv) reference should be made to the Official Statement for factual information which, in the judgment of the Fire District, would materially affect the ability of the Fire District to pay such principal and interest; and (v) while Bond Counsel has participated in the preparation of the Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, no opinion is expressed by Bond Counsel as to whether the Fire District, in connection with the sale of the Bonds, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

DISCLOSURE UNDERTAKING

At the time of the delivery of the Bonds, the Fire District will provide an executed copy of its “Undertaking to Provide Continuing Disclosure” (the “Undertaking”). Said Undertaking will constitute a written agreement or contract of the Fire District for the benefit of holders of and owners of beneficial interests in the Bonds, to provide, or cause to be provided 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:

- (1) On or prior to the 270th day following the end of each fiscal year, commencing with the fiscal year ending December 31, 2017 (i) certain annual financial information, in a form generally consistent with the information contained or cross-referenced in this Official Statement under the headings “LITIGATION” and in Appendix A under the headings: “THE FIRE DISTRICT”, “FINANCIAL FACTORS”, “TAX INFORMATION”, “FIRE DISTRICT INDEBTEDNESS” and “ECONOMIC AND DEMOGRAPHIC DATA”; and in Appendix B, and (ii) the audited financial statement (prepared in accordance with generally accepted accounting principles in effect at the time of audit), if any, of the Fire District for each fiscal year, unless such audited financial statement, if any, shall not then be available in which case the unaudited financial statement shall be provided and an audited financial statement shall be provided within 60 days after it becomes available and in no event later than 360 days after the end of each fiscal year;
- (2) timely notice, not in excess of ten (10) business days after the occurrence of such event, of the occurrence of any of the following events:
 - (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 Bonds, or other material events affecting the tax status of the Bonds; (vii) modifications to rights of Bondholders, if material; (viii) Bond calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the Fire District; [note to clause (xii): For the purposes of the event identified in clause (xii) 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 Fire District 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 Fire District, 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 Fire District]; (xiii) the consummation of a merger, consolidation, or acquisition involving the Fire District or the sale of all or substantially all of the assets of the Fire District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if

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

With respect to the Undertaking, the Fire District does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds.

The Fire District may provide notice of the occurrence of certain other events, in addition to those listed above, if it determines that any such other event is material with respect to the Bonds; but the Fire District does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above; and

- (3) in a timely manner not in excess of ten (10) business days, notice of a failure to provide the annual financial information by the date specified.

The Fire District's Undertaking shall remain in full force and effect until such time as the principal of, redemption premium, if any, and interest on the Bonds shall have been paid in full or in the event that those portions of the Rule which require the Undertaking, or such provision, as the case may be, do not or no longer apply to the Bonds. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the Fire District, and no person or entity, including a Holder of the Bonds, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the Fire District to comply with the Undertaking will not constitute a default with respect to the Bonds.

The Fire District reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that any such amendment or modification will be done in a manner consistent with Rule 15c2-12, as amended.

RATING

S&P Global Ratings ("S&P") has assigned a rating of "AA-" to the Bonds.

Such rating reflects only the views of such organization and any desired explanation of the significance of such rating should be obtained from S&P at the following address: Standard & Poor's Ratings Service, 55 Water Street, New York, New York 10041. There can be no assurance that such rating will continue for any specified period of time or that such rating will not be revised or withdrawn, if in the judgment of S&P circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of the Bonds or the availability of a secondary market for the Bonds.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC, Orchard Park, New York, (the "Municipal Advisor") is an independent municipal advisor registered with the United States Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor has served as the independent financial advisor to the Fire District in connection with this transaction.

In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement. The Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the Fire District to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is not a law firm and does not provide legal advice with respect to this or any debt offerings of the Fire District. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds.

ADDITIONAL INFORMATION

Periodic public reports relating to the financial condition of the Fire District, its operations and the balances, receipts and disbursements of the various funds of the Fire District are available for public inspection at the Fire District's office,

P.O. Box 1290, Orchard Park, NY 14127 or by contacting Christine Petrie, Treasurer at (716) 597-7429. Information may be obtained from the Fire District's financial advisor, Capital Markets Advisors, LLC (716) 662-3910.

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

This Official Statement is submitted only in connection with the sale of the Bonds by the Fire District and may not be reproduced or used in whole or in part for any other purpose.

Harris Beach PLLC expresses no opinion as to the accuracy or completeness of any documents prepared by or on behalf of the Fire District for use in connection with the offer or sale of the Bonds, including this Official Statement.

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at www.capmark.org. 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. Capital Markets Advisors, LLC 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 Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC 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. Capital Markets Advisors, LLC and the Fire District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

This Official Statement has been duly executed and delivered by the Treasurer of the Fire District.

**ORCHARD PARK FIRE DISTRICT
IN THE TOWN OF ORCHARD PARK**

By: /s/ Christine Petrie
Christine Petrie
Fire District Treasurer

DATED: January 9, 2018

APPENDIX A

THE FIRE DISTRICT

THE FIRE DISTRICT

General Information

The Orchard Park Fire District (the “Fire District”) is located in the Town of Orchard Park, with a total land area of approximately 40 square miles is located in the south-central portion of Erie County about eight miles southeast of Buffalo. Located within the Town of Orchard Park, New York, the Orchard Park Fire District was formed in 1924. Over the years the Fire District expanded from a small Volunteer Fire District to its present status that consists of three Volunteer Fire Companies. The oldest being the Orchard Park Fire Company, followed by Windom Volunteer Fire Company and finally the Hillcrest Fire Company.

The Fire District was formed after the need for fire protection in rural areas proved necessary. The area protected at that time was a small rural community that included residential homes and rural farming communities. Today the District is well recognized in the community and in Erie County as a leader in Fire and Emergency Medical Services (EMS). The Fire District provides Fire and Emergency Medical Services to approximately 30,000 people that reside in the Orchard Park, Windom and Hillcrest Fire Companies with our coverage area including New Era Stadium and Chestnut Ridge Park.

The majority of the firefighters and medical personnel are dual trained. When an emergency call comes in they are toned and respond within minutes. The Windom and Hillcrest Fire Companies have the support of a Women’s Auxiliary unit.

Recreation areas and facilities abound with a 72,000 seat New Era Stadium, home of the Buffalo Bills, and a large indoor tennis club. Three area parks and Chestnut Ridge, a county park, are located with the Town’s boundaries.

Transportation is provided through the Town on State Routes 20A, 219 and 62 including the 219 Expressway from Buffalo to the southern tier. Bus service is provided by the Niagara Frontier Transportation Authority (Metro) on a regular, commuter basis. Major airlines operate from the Buffalo-Niagara International Airport, a 20-minute drive from the Town. The New York State Thruway also serves the area.

The following banks have one or more offices within the Town: Five-Star Bank, Bank of America, KeyBank, and M&T Bank.

Fire District Organization

Subject to the provisions of the State Constitution, the Fire District operates pursuant to the Town Law, Local Finance Law, and other laws generally applicable to the Fire District, and any special laws applicable to the Fire District. Under such laws, there is no authority for the Fire District to have a charter or adopt local laws.

The legislative power of the Fire District is vested in the Board of Fire Commissioners (the “Board”). Under current law, an election is held within the Fire District boundaries on the second Tuesday of December each year to elect members of the Board. Board members are generally elected for staggered terms of five years.

In early January of each year, the Board meets for the purposes of reorganization. At such time, the Board elects a Chairperson.

The Fire District Treasurer is the Chief Fiscal Officer of the Fire District. The Treasurer is responsible to the Board of Commissioners and serves as the Fire District’s Budget Officer. The fiscal year of the Fire District is January 1 to December 31. The Official Statement does not include financial information of any other subdivisions of the State having power to levy taxes within the Fire District.

Budgetary Procedure

The Fire District prepares an annual budget for the General Fund, which is approved by the Board of Fire Commissioners. The budget is submitted to the Town of Orchard Park for the levy of the fire tax. The budget is not subject to a referendum. Modifications and transfers between budgetary appropriations also must be

authorized by the Board. The original issuance of all indebtedness is subject to approval by the Board. All bond resolutions are also subject to referendum approval by the qualified voters of the Fire District.

Fire District Facilities

The Fire District operates four stations with attached training and maintenance facility. Statistics relating to the Fire District are shown below:

TABLE 1
Fire District Statistics

<u>Item</u>	<u>Number</u>
Fire Stations	4
Fire Companies	3
Fire Trucks	12
Ambulances	7
Fire Alarms (per year)	603
EMS calls (per year)	3,490

Employees

The number of paid employees of the Fire District as well as of the three volunteer companies serving the Fire District is seven.

The Fire District provides services through 152 active fire fighters, none of whom are represented by organized labor.

Length of Service Awards Program

The Fire District established a defined benefit Length of Service Award Program (“LOSAP”) under Section 457 (e)(11) of Internal Revenue code effective January 1, 1992 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-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The Fire District is the Sponsor of the program. The program administrator is Penflex, Inc.

Participants acquire a non-forfeitable right to be paid a Service Award after earning credit for five years of service credit or upon attaining the program’s entitlement age while an active volunteer. The program’s entitlement age is age sixty-five. An active volunteer firefighter earns a year of service credit 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 service 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 District.

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

The Fire District’s contributions to the LOSAP as stated in the 2014, 2015, and 2016 audited financial statements and the 2017 unaudited and 2018 budgeted payment amounts are as follows:

<u>Year</u>	<u>Amount</u>
2018 <i>Budget</i>	\$270,000
2017 <i>Unaudited</i>	\$240,000
2016	183,516
2015	183,761
2014	192,010

Other Post-Employment Benefits

An accounting rule, GASB Statement No. 45 (“GASB 45”) of the Governmental Accounting Standards Board (“GASB”), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits (“OPEB”). GASB 45 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. The Fire District does not provide healthcare or retirement benefits to its employees.

Investment Policy and Permitted Investments

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the “GML”), the Fire District is generally permitted to deposit moneys in banks and 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.

FINANCIAL FACTORS

Real Property Taxes

The Fire District derives the majority of its revenues from a tax on real property (see “Tax Information” herein and “Statement of Revenues, Expenditures and Changes in Fund Balance” in Appendix B herein).

The following table sets forth total general fund revenues and real property tax revenues during the Fire District’s last five fiscal years and the current budgeted year.

TABLE 2
Property Taxes

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues</u>
2012	2,166,912	1,693,320	78.1%
2013	2,043,808	1,725,571	84.4%
2014	2,146,031	1,764,746	82.2%
2015	2,057,871	1,711,313	83.2%
2016	2,153,370	1,843,459	85.6%
2017 <i>Adopted Budget</i>	1,953,534	1,875,014	96.0%
2018 <i>Adopted Budget</i>	2,012,858	1,934,338	96.1%

(1) General Fund.

Source: Financial Statements for the Fire District and 2017 & 2018 Adopted Budgets of the Fire District.
See also ‘TAX LEVY LIMITATION LAW’ herein.

Independent Audit

The financial statements of the Fire District have been audited by Bonadio & Co., LLP, Amherst, New York, independent certified public accountants. Financial summaries for the five-year period ending December 31, 2016, based upon the Audited Financial Statements of the Fire District are contained in Appendix B. The Fire District’s Annual Audited Financial Statements for the fiscal year ended December 31, 2016 is attached hereto as Appendix C. The Fire District’s audits for the five most recent fiscal years are available upon request from the Fire District’s financial advisor.

State Aid

The Fire District does not receive any State aid.

General Fund Operations

Appendix B sets forth the General Fund operations for the last five fiscal years which are derived from the Fire District's Financial Statements.

TAX INFORMATION

Valuations and Tax Data

The following table shows the trend during the last five years for taxable assessed valuations, state equalization ratios, full valuations, real property taxes and real property tax rates per \$1,000 assessed valuation.

TABLE 3
Assessed and Full Valuation
(For the Fiscal Year Ended December 31:)

Roll Year	2013	2014	2015	2016	2017
Tax Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Taxable Assessed Valuation	\$1,603,078,985	\$1,622,315,018	\$1,639,091,178	\$1,652,918,868	\$1,670,043,548
State Equalization Rate	58.00%	57.00%	55.00%	53.50%	52.00%
Full Valuation	\$2,763,929,284	\$2,846,166,698	\$2,980,165,778	\$3,089,567,978	\$3,211,622,207

Source: Fire District officials and the New York State Office of Real Property Services.

Tax Collection Procedures

The Town of Orchard Park acts as a collection agent for the real property taxes levied for the Fire District. The Town Clerk sends the money to Erie County who sends the Town Supervisor the requested taxes, after they take Erie County's portion out. The Supervisor then writes a check to the Fire District.

Ten Largest Taxpayers

The following table presents the total assessed valuations of the Fire Districts largest tax payers.

Table 4
Assessed Valuations

<u>Property Owner</u>	<u>Nature of Business</u>	<u>Assessed Valuations</u>	<u>Total Assessed Valuation</u> (1)
QC Properties LLC	Commercial/Retail	\$13,304,450	0.80%
TM Orchard Park Resd. Partn. LP	Apartments	13,184,900	0.79%
New York State Electric & Gas Co	Utility	12,831,908	0.77%
Young Reidman LLC	Apartments	9,933,100	0.59%
National Fuel Gas Dist.	Utility	9,460,514	0.57%
Orchard Park TK Owner LLC	Commercial/Retail	9,214,000	0.55%
6060 Armor Road LLC	Nursing Homes	7,841,400	0.47%
Target Corporation	Commercial/Retail	7,142,770	0.43%
Verizon New York, Inc.	Utility	6,680,488	0.40%
HCP SH ELP3 Properties	Nursing Home/ Sr. Housing	<u>6,608,000</u>	<u>0.40%</u>
		<u>\$96,201,530</u>	<u>5.76%</u>

(1) Represents 6.03% of the Fire District's 2017 Assessed Valuation of \$1,607,043,548.

Source: Town Assessor

Tax Limitation

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 interest on or principal of indebtedness theretofore contracted.

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to all local governments, including the Fire District.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of the Fire District in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 16, 2020 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of the Fire District cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index (“CPI”), over the amount of the prior year’s tax levy. Certain adjustments would be permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. The Fire District may exceed the tax levy limitation for the coming fiscal year only if the governing body of the Fire District first enacts, by at least a sixty percent vote of the total voting strength of the board, a resolution to override such limitations for such coming fiscal year only. There are permissible exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees’ Retirement System, the Police and Fire Retirement System, and the Teachers’ Retirement System. The Fire District is also permitted to carry forward a certain portion of its unused levy limitation from a prior year. The Fire District prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of the Fire District or such debt incurred after the effective date of the tax levy limitation provisions.

Article 8 Section 2 of the State Constitution requires most issuers of general obligation notes and bonds (not including fire districts) in the State to pledge their faith and credit for the payment of the principal thereof and the interest thereon. (The Local Finance Law requires fire districts to pledge their faith and credit for the payment of the principal of and the interest on such bonds and notes). This has been interpreted by the Court of Appeals, the State’s highest court, in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), as follows:

“A pledge of the city’s faith and credit is both a commitment to pay and a commitment of the city’s revenue generating powers to produce the funds to pay. Hence, 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. That is what the words say and that is what the courts have held them to mean.”

Article 8 Section 12 of the State Constitution specifically provides as follows:

“It shall be the duty of the legislature, subject to the provision of this constitution, to restrict the power of taxation, assessment, borrowing money, contracting indebtedness, and loaning the credit of counties, cities, towns and villages, so as to prevent abuses in taxation and assessments and in contracting of indebtedness by them. Nothing in this article shall be construed to prevent the legislature from further restricting the powers herein specified of any county, city, town village or school district to contract indebtedness or to levy taxes on real estate. The legislature shall not, however, restrict the power to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.”

On the relationship of the Article 8 Section 2 requirements to pledge the faith and credit and the Article 8 Section 12 protection of the levy of real property taxes to pay debt service on bonds subject to the general obligation pledge, the Court of Appeals in the *Flushing National Bank* case stated:

“So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the city’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted....While phrased in permissive language, these provisions, when read together with the requirement of the pledge of faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the *Flushing National Bank* case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of municipalities.

Therefore, while the Tax Levy Limitation Law may constrict an issuer’s power to levy real property taxes for the payment of debt service on debt contracted after the effective date of said Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer’s pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer’s levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation outside of any statutorily determined tax levy amount is not clear.

It is possible that the Tax Levy Limitation Law will be subject to judicial review to resolve the constitutional issues raised by its adoption. Although Courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, the outcome of any such challenge cannot be predicted.

FIRE DISTRICT INDEBTEDNESS

Constitutional Requirements

The New York State Constitution 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.

General. The Fire District is subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, as has been noted under “Nature of Obligation”, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Fire District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

Statutory Requirements

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

Debt Limit. Fire District has the power to contract indebtedness for any Fire District purpose so long as the outstanding principal amount thereof shall not exceed three per centum of the full valuation of taxable real estate of the Fire District and subject to certain enumerated exclusions and deductions such as cash or appropriations for current debt service.

Purpose and Pledge. The Fire District shall not give or loan its credit to or in aid of any individual, or public or private corporation or association, or private undertaking;

the Fire District may contract indebtedness only for a Fire District purpose and shall pledge its faith and credit for the payment of all indebtedness contracted by it.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, 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 period of probable usefulness of the object or purpose determined by statute; 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 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.

The Local Finance Law permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of issuance of such notes and provided that such renewals do not extend five years beyond the original date of borrowing.

Authorization. The Fire District authorizes the sale and issuance of bonds by the adoption of a bond resolution, approved by the members of the Board of Fire Commissioners, the finance board of the Fire District. All bond resolutions are subject to referendum approval by the qualified voters of the Fire District. Such finance board may delegate the power to sell the obligations to the Fire District Treasurer, the chief fiscal officer of the Fire District.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, 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 thereto.

In general, the Local Finance Law contains provisions providing the Fire District with power to issue certain other short-term general obligation indebtedness including budget notes, capital notes, and revenue anticipation notes.

Estoppel from Contesting Validity. The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

1. Such obligations are authorized for a purpose for which the Fire District is not authorized to expend money; or
2. There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations;

and an action, suit or proceeding is commenced within 20 days after the date of such publication; or

3. Such obligations are authorized in violation of the provisions of the Constitution.

The Fire District has complied with this estoppel procedure as it relates to the Bonds herein. It is a procedure that is recommended by bond counsel, but it is not an absolute legal requirement.

Remedies Upon Default

Under current law, provision is made for contract creditors (including the Bondholders) of the Fire District to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to 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 subject to execution or attachment to satisfy a judgment, although judicial

mandates to officials to appropriate and pay judgments out of current funds or the proceeds of a tax levy have been issued.

Remedies for enforcement of payments are not expressly included in the Fire District’s contract with holders of its bonds and notes, although any permanent repeal by statute or constitutional amendment of Bondholder’s remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Under the United States Constitution, Congress has jurisdiction over bankruptcy matters and has enacted amendments to the existing federal bankruptcy statute, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debts including judicial control over identifiable and unidentifiable creditors.

In recent times, certain events and legislation affecting remedies on default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold the future events, including financial crises as they may occur in the State and in municipalities of the State, require the exercise by the State of its emergency police powers and to ensure the continuation of essential services.

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

Statutory Debt Limit and Net Indebtedness

The following table sets forth the current debt-contracting limitation of the Fire District as of January 9, 2018 and Proforma as of January 30, 2018 following the issuance of the Bonds.

TABLE 5
Statutory Debt Limit and Net Indebtedness

	<u>As of January 9, 2018</u>	<u>Proforma as of As of January 30, 2018</u>
Full Valuation of Taxable Real Property	\$3,211,622,207	\$3,211,622,207
Debt Contracting Margin (3% of Full Valuation)	96,348,666	96,348,666
Outstanding Indebtedness (Principal Only):		
Bonds	0	3,000,000
BANs	<u>1,600,000</u>	<u>0</u>
Total Net Indebtedness	<u>1,600,000</u>	<u>3,000,000</u>
Net Debt-Contracting Margin	<u>\$94,748,666</u>	<u>\$93,348,666</u>
Percentage of Debt-Contracting Margin Exhausted	<u>1.6%</u>	<u>3.1%</u>

Source: Fire District Officials.

Bond Anticipation Notes

Following the issuance of the Bonds, the Fire District will not have any outstanding short-term indebtedness.

Tax and Revenue Anticipation Notes

The Fire District does not have any tax anticipation notes (“TANs”) or revenue anticipation notes (“RANs”) outstanding and has never issued TANs or RANs.

Authorized but Unissued Debt

Following the issuance of the Bonds, the District will not have any authorized but unissued debt.

Overlapping and Underlying Debt

In addition to the Fire District, other political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the Fire District. The real property taxpayers of the Fire District are responsible for a proportionate share of outstanding debt obligations of these subdivisions. Such taxpayers' share of overlapping and underlying debt is based on the amount of the Fire District's equalized property values taken as a percentage of each separate unit's total values. The following table presents the amount of overlapping and underlying debt and the Fire District's share of this debt. Authorized but unissued debt has not been included.

TABLE 7
Statement of Direct and Overlapping Indebtedness

<u>Direct Debt</u>				
Net Direct Debt				\$ 1,600,000
 <u>Overlapping Debt</u>				
<u>Issuer</u>	<u>As of</u>	<u>Net Debt Outstanding</u>	<u>Fire District Share</u>	<u>Amount Applicable To Fire District</u>
Erie County	09/30/17	\$475,089,545	4.07%	\$19,336,144
Town of Orchard Park	06/29/17	14,710,000	100.00%	14,710,000
Hamburg CSD	3/15/17	45,610,000	9.80%	4,469,780
Orchard Park CSD	6/14/17	50,388,874	82.33%	41,485,160
West Seneca CSD	11/16/17	25,200,000	4.35%	<u>1,096,200</u>
Net Overlapping Debt				81,097,284
Net Direct Debt				<u>1,600,000</u>
Total Net Direct and Overlapping Debt				<u>\$82,697,284</u>

Debt Ratios

The following table presents certain debt ratios relating to the Fire District's direct and overlapping indebtedness.

TABLE 8
Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita</u> ⁽¹⁾	<u>Debt to Full Value</u> ⁽²⁾
Net Direct Debt	\$ 1,600,000	\$ 55	0.05%
Net Direct and Overlapping Debt	\$82,697,284	\$2,846	2.57%

(1) The estimated population of the Fire District is 29,054

(2) The Fire District's full value of taxable real property for 2017 is \$3,211,622,207.

ECONOMIC AND DEMOGRAPHIC DATA

Population

The following table presents population trends for the County, State and United States, based upon census data.

Table 9
Population Trend

	<u>2000</u>	<u>2010</u>	<u>Percentage Change</u>
Town	27,637	29,054	5.1%
County	950,265	919,040	(3.2%)
State	18,976,457	19,378,102	2.1%

Source: US Census Bureau

Employment and Unemployment

The following tables provide information concerning employment in the Town, County and State. Data provided for the County and the State may not be representative of the Town. Because the Fire District is centrally located in Western New York, many of its residents are employed throughout the neighboring communities.

Table 10
Largest Employers

<u>Name</u>	<u>Type of Product or Service</u>	<u>Approximate Number of Employees</u>
Erie Community College South	Education	1,064
Orchard Park Central Schools	Education	780
McGard LLC	Auto Part Manufacturer	549
West-Herr Automotive Group	Auto Retail	448
Cobham Mission Systems Division	Manufacturing	330
Bryant & Stratton College	Education	325-350
Father Baker Manor	Long Term Health Care Facility	300
ITT Enidine, Inc.	Manufacturing	285
Absolut Care at Orchard Park	Long Term Health Care Facility	269
Curbell	Manufacturing	257

Source: Town officials

Table 11
Civilian Labor Force
(Annual Average, in Thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Town	15.5	15.5	15.3	15.4	15.3
County	461.8	458.9	450.7	449.2	446.6
State	9,612.2	9,623.1	9,570.7	9,591.2	9,584.5

Source: New York State Department of Labor, Bureau of Labor Statistics.

Table 12
Yearly Average Unemployment Rates

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Town	6.2%	5.6%	4.6%	4.2%	3.8%
County	8.3%	7.4%	6.1%	5.3%	4.9%
State	8.5%	7.7%	6.3%	5.3%	4.8%

Source: New York State Department of Labor, Bureau of Labor Statistics.

Table 13
Monthly Unemployment Rates

<u>Month</u>	<u>Town</u>	<u>County</u>	<u>State</u>
November 2016	3.6%	4.7%	4.5%
December	3.8%	4.9%	4.5%
January 2017	4.4%	5.5%	4.9%
February	4.3%	5.6%	5.0%
March	4.0%	4.9%	4.4%
April	3.8%	4.8%	4.2%
May	3.7%	4.7%	4.3%
June	3.8%	5.0%	4.5%
July	3.6%	5.2%	4.9%
August	3.5%	5.1%	4.9%
September	3.7%	4.8%	4.7%
October	3.6%	4.7%	4.6%

Source: New York State Department of Labor. Information not seasonally adjusted.

LITIGATION

The Fire District is subject to lawsuits in the ordinary conduct of its affairs. The Fire District does not have any lawsuits currently pending and no such suits in the past have had any material adverse effect on the financial condition of the Fire District.

End of Appendix A

APPENDIX B

**FINANCIAL STATEMENT AND
BUDGET SUMMARIES**

Orchard Park Fire District
Balance Sheet
 General Fund, Reserve Funds, Fiduciary Funds
 Fiscal Year Ended December 31:

	<u>2015</u>	<u>2016</u>
Assets		
Cash	\$2,914,522	\$977,622
Due from related party	59,497	43,244
Note Receivable, related party	213,931	202,931
Total Assets:	<u>\$3,187,950</u>	<u>\$1,223,797</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts Payable	38,479	200,347
Accrued Liabilities	0	0
Total Liabilities:	<u>\$38,479</u>	<u>\$200,347</u>
Fund Balance:		
Nonspendable	207,931	190,931
Committed	1,500,000	0
Unassigned	1,441,540	832,519
Total Fund Balance:	<u>3,149,471</u>	<u>1,023,450</u>
Total Liabilities & Fund Balance	<u>\$3,187,950</u>	<u>\$1,223,797</u>

Source: Audited Financial Statements of the Fire District. This summary is not audited.

Orchard Park Fire District
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balance
 General Fund
 Fiscal Year Ended December 31:

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Cash Balance at Beginning of Year					
Revenues:					
Real property taxes	\$1,693,320	\$1,725,571	\$1,764,746	\$1,711,313	\$1,843,459
Lease Income	252,328	230,402	225,600	235,989	172,667
Grant Income	0	0	0	0	0
Agency Fee	0	0	0	0	0
Contributions	0	0	13,100	0	0
Interest Income	6,557	10,372	6,866	6,060	5,727
Rescue Income	0	0	0	0	0
Sale of Assets	135,455	0	59,000	27,500	20,200
Foreign Fire Insurance Tax Proceeds	79,252	77,463	76,719	77,009	81,113
Reimbursements	0	0	0	0	30,204
Total Revenues	<u>\$2,166,912</u>	<u>\$2,043,808</u>	<u>\$2,146,031</u>	<u>\$2,057,871</u>	<u>\$2,153,370</u>
Revenues and Beginning Cash Balance	<u>\$2,166,912</u>	<u>\$2,043,808</u>	<u>\$2,146,031</u>	<u>\$2,057,871</u>	<u>\$2,153,370</u>
Expenditures:					
Services and Supplies	\$944,085	\$998,543	\$1,037,059	\$1,152,291	\$977,195
Capital Outlay	382,540	154,827	216,662	670,516	2,906,505
Payment of Debt	130,528	128,368	167,296	41,556	41,556
Salaries and Benefits	247,969	255,460	261,117	259,950	273,022
Distribution of foreign fire insurance tax proceeds	0	0	0	0	81,113
Lawsuit Settlement	151,170	0	0	0	0
Total Expenditures	<u>1,856,292</u>	<u>1,537,198</u>	<u>1,682,134</u>	<u>2,124,313</u>	<u>4,279,391</u>
Excess (Def) of Revenues Over Expenditures	<u>310,620</u>	<u>506,610</u>	<u>463,897</u>	<u>(66,442)</u>	<u>(2,126,021)</u>
Net Change in Fund Balance	310,620	506,610	463,897	(66,442)	(2,126,021)
Beginning Fund Balance, as previously reported	1,934,786	2,245,406	2,752,016	3,215,913	3,149,471
Plus: prior period adjustment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending cash balance	<u>\$2,245,406</u>	<u>\$2,752,016</u>	<u>\$3,215,913</u>	<u>\$3,149,471</u>	<u>\$1,023,450</u>

Source: Audited Financial Statements of the Fire District. This summary is not audited.
 For fiscal years ending 2013, 2014, and 2015, Beginning Fund Balance, Ending Fund Balance,
 and Ending Cash Balance refer to Reserve Funds amounts, NOT the General Fund.

Orchard Park Fire District
Budgets
Fiscal Year Ended December 31:

	<u>2017</u>	<u>2018</u>
Estimated Revenues		
Real Property Taxes	\$1,875,014	\$1,934,338
Interfund Transfer	78,520	78,520
Total Revenues	<u>\$1,953,534</u>	<u>\$2,012,858</u>
Planned Expenditures		
Equipment & Apparatus	\$183,000	\$193,000
Salary and Benefits	688,750	707,350
Contractual and Other Expenses	1,081,784	1,112,508
Total Expenditures	<u>\$1,953,534</u>	<u>\$2,012,858</u>

Source: Adopted Budgets of the District.

APPENDIX C
**2016 AUDITED
FINANCIAL REPORT**

ORCHARD PARK FIRE DISTRICT

**Financial Statements as of
December 31, 2016
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

ORCHARD PARK FIRE DISTRICT

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INDEPENDENT AUDITOR'S REPORT

June 29, 2017

To the Board of Fire Commissioners of
Orchard Park Fire District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Orchard Park Fire District (the District) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of the District as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

INDEPENDENT AUDITORS' REPORT

(Continued)

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2017, 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 other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control over financial reporting and compliance.

ORCHARD PARK FIRE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED DECEMBER 31, 2016

The discussion and analysis of Orchard Park Fire District's financial performance provides an overall review of the District's financial activities for the fiscal year ended December 31, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the District's performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2016 are as follows:

- In total, net assets increased \$313,267.
- General revenues amounted to \$2,137,552.
- The District had \$1,824,285 in net expenses related to governmental activities.
- Revenues of the District were adequate to provide for public safety expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements consist of the following parts: Management's discussion and analysis; the basic financial statements consisting of government-wide financial statements, and fund financial statements (government and fiduciary); notes to the basic financial statements; and required supplemental information.

Government-Wide Financial Statements

The basic government-wide and fund financial statements present the financial results on different methods of accounting. Included in the financial statements are reconciliations that explain the difference between the two methods.

Government-wide financial statements are prepared on the accrual basis of accounting and economic resources focus. The required financial statements are: Statement of Net Position and Statement of Activities. The Statement of Net Position reports all assets and liabilities, both financial and capital, and short-term and long-term of the District. The Statement of Activities reports all revenues and expenses during the year, regardless of when cash is received or paid.

Fund Financial Statements

Government funds financial statements are prepared on the modified accrual basis of accounting and current financial resources focus. This is the traditional form for our financial statements. The required financial statements are: Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances. The Balance Sheet shows only assets and liabilities that come due during the year or soon thereafter; no capital asset or long-term liabilities are included. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports revenues for which cash is received during or soon after the end of the year; expenditures for goods or services which have been received and payment is due during or soon after the end of the year.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities explains the differences between the two balance sheets. Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities traces the change in fund balances to the change in net position reported in the Government-wide Statement of Activities.

Fiduciary Funds are used to account for resources held for pension benefits administered outside the District. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

Condensed Government-wide Financial Data	2016	2015
Current assets	\$ 1,223,797	\$ 3,187,950
Station and equipment, net of accumulated depreciation	<u>6,131,850</u>	<u>3,734,118</u>
Total assets	<u>\$ 7,355,647</u>	<u>\$ 6,922,068</u>
Accounts payable and accrued liabilities	200,347	38,479
Noncurrent liabilities	<u>-</u>	<u>41,556</u>
Total liabilities	200,347	80,035
Net Position:		
Net investment in capital assets	6,131,850	3,692,562
Unrestricted	<u>1,023,450</u>	<u>3,149,471</u>
Net position	<u>7,155,300</u>	<u>6,842,033</u>
Total liabilities and net position	<u>\$ 7,355,647</u>	<u>\$ 6,922,068</u>
Expenditures for governmental activities, net of program revenues:		
Public safety - fire	1,331,330	1,412,241
Depreciation - unallocated	<u>492,955</u>	<u>495,345</u>
Total expenditures, net of program revenues	1,824,285	1,907,586
General revenues:		
Property taxes	1,843,459	1,711,313
Foreign fire insurance tax proceeds	81,113	77,009
Interest income	5,727	6,060
Reimbursements	30,204	-
Lease income	172,667	235,989
Gain on sale of assets	<u>4,382</u>	<u>27,500</u>
Total revenue	<u>2,137,552</u>	<u>2,057,871</u>
Changes in net position	<u>\$ 313,267</u>	<u>\$ 150,285</u>

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Financial Analysis of the District as a Whole

The District's net position increased by \$313,267 for the year ended December 31, 2016 or approximately 4.4 percent, to a total of \$7,155,300. Of the \$7,155,300 in net position, \$6,131,850 is net investment in capital assets.

Financial Analysis of the District's Funds

Governmental fund balances decreased by \$2,126,021. The main reason for the differences in the increase in District net position of \$313,267 and the decrease of \$2,126,021 in governmental fund balance is because the cost of governmental activities includes expenditures for debt payments and excludes depreciation expense of capital assets. In addition, the governmental fund balance is reduced for the purchase of capital assets. The detail for these differences is shown on the reconciliation of the statement of revenues, expenditures and changes in fund balance of governmental funds to the statement of activities.

Budgetary Highlights

General Fund tax revenue was approximately equal to the amount budgeted. The foreign fire insurance tax proceeds and payments of \$81,113 were not included in the original budget because the amount received is paid out to the fire companies. The District earned \$5,727 of interest income during the year. In addition, building and vehicle lease payments totaling \$172,667 were received or accrued from Orchard Park Fire District - EMS, Inc.

The overall expenditures of the District were \$2,126,021 more than the original budgeted amount.

Capital Assets

As of December 31, 2016 and 2015 the District had invested a net cumulative \$6,131,850 and \$3,734,118, respectively, in a broad range of capital assets including land, buildings and improvements, vehicles and equipment.

Capital assets balances at December 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Capital Assets:		
Land	\$ 229,852	\$ 155,729
Construction in progress	1,648,304	86,588
Buildings and improvements	4,711,454	4,044,346
Vehicles	4,492,552	4,461,900
Equipment	<u>1,915,858</u>	<u>1,500,190</u>
Total capital assets	12,998,020	10,248,753
Less: Accumulated depreciation	<u>(6,866,170)</u>	<u>(6,514,635)</u>
Net capital assets	<u>\$ 6,131,850</u>	<u>\$ 3,734,118</u>

Current and Long-Term Debt

During the year ended December 31, 2016, the District paid \$41,556 on an installment debt.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Economic Factors and Next Year's Budget

For the year 2017 the Fire District was able to sustain its budget through property taxes, lease income and other miscellaneous revenue sources. The 2017 budget was adopted on September 13, 2016, by the Commissioners and approved on October 18, 2016 at a public hearing.

Contacting the District's Financial Management

This financial statement is designed to provide a general overview of the District's finances. If you have questions about this financial statement or need additional financial information, contact the District's Office at P.O. Box 1290, Orchard Park, NY 14127.

ORCHARD PARK FIRE DISTRICT

STATEMENT OF NET POSITION DECEMBER 31, 2016

ASSETS

Cash	\$ 977,622
Due from related party	43,244
Note receivable, related party	202,931
Capital assets, net	<u>6,131,850</u>
Total assets	<u>\$ 7,355,647</u>

LIABILITIES

Accounts payable	<u>\$ 200,347</u>
Total liabilities	<u>200,347</u>

NET POSITION

Net investment in capital assets	6,131,850
Unrestricted	<u>1,023,450</u>
Total net position	<u>\$ 7,155,300</u>

The accompanying notes are an integral part of these statements.

ORCHARD PARK FIRE DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Public safety - fire	1,331,330	\$ -	\$ -	\$ -	\$ (1,331,330)
Depreciation - unallocated	<u>492,955</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(492,955)</u>
Total governmental activities	<u>\$ 1,824,285</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(1,824,285)</u>

GENERAL REVENUES:

Taxes levied for general purposes	1,843,459
Foreign fire insurance tax proceeds	81,113
Lease income	172,667
Reimbursements	30,204
Gain on sale of equipment	4,382
Interest income	<u>5,727</u>
Total general revenues	<u>2,137,552</u>
Change in net position	313,267
Net position - beginning of year	<u>6,842,033</u>
Net position - end of year	<u>\$ 7,155,300</u>

The accompanying notes are an integral part of these statements.

ORCHARD PARK FIRE DISTRICT

**BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2016**

	<u>General Fund</u>
ASSETS	
Cash	\$ 977,622
Due from related party	43,244
Note receivable, related party	<u>202,931</u>
Total assets	<u>\$ 1,223,797</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES:	
Accounts payable	<u>\$ 200,347</u>
Total liabilities	<u>200,347</u>
FUND BALANCE:	
Nonspendable	190,931
Unassigned	<u>832,519</u>
Total fund balance	<u>1,023,450</u>
Total liabilities and fund balance	<u>\$ 1,223,797</u>

The accompanying notes are an integral part of these statements.

ORCHARD PARK FIRE DISTRICT

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016**

Total fund balance - governmental funds	\$ 1,023,450
Capital assets used in governmental activities are not current financial resources and; therefore, are not reported in the funds.	<u>6,131,850</u>
Total net position of governmental activities	<u>\$ 7,155,300</u>

The accompanying notes are an integral part of these statements.

ORCHARD PARK FIRE DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>General Fund</u>
REVENUES:	
Real property taxes	\$ 1,843,459
Lease income	172,667
Foreign fire insurance tax proceeds	81,113
Reimbursements	30,204
Sale of assets	20,200
Interest income	<u>5,727</u>
Total revenues	<u>2,153,370</u>
EXPENDITURES:	
Services and supplies	977,195
Capital outlay	2,906,505
Distribution of foreign fire insurance tax proceeds	81,113
Payment of debt principal	41,556
Salaries and benefits	<u>273,022</u>
Total expenditures	<u>4,279,391</u>
CHANGE IN FUND BALANCE	(2,126,021)
FUND BALANCE - beginning of year	<u>3,149,471</u>
FUND BALANCE - end of year	<u>\$ 1,023,450</u>

The accompanying notes are an integral part of these statements.

ORCHARD PARK FIRE DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2016

Net change in fund balances - governmental funds \$ (2,126,021)

Amounts reported for governmental activities in the statement of activities
and change in net position are different because:

Governmental funds report outlays for assets as expenditures.
However, in the Statement of Activities, the cost of these
assets are allocated over the estimated useful lives as depreciation
expense. This is the amount by which capital outlays exceeded
depreciation expense during the year.

Current capital outlays	2,906,505	
Depreciation	<u>(492,955)</u>	
		2,413,550

In the statement of activities, a gain or loss on sales, trade-ins, or other
dispositions of capital assets is reported, whereas in the governmental
funds, the proceeds received from dispositions of capital assets
increases financial resources. Thus, the change in net position differs
from the change in fund balance by the net book value of capital assets
disposed.

(15,818)

Debt obligations paid during 2016 consisted of:
Installment debt

41,556

Change in net position of governmental activities

\$ 313,267

The accompanying notes are an integral part of these statements.

ORCHARD PARK FIRE DISTRICT

**STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2016**

	<u>Pension Trust</u>
ASSETS	
Equity in pooled cash and investments	\$ 2,907,457
Prepaid assets	<u>8,050</u>
Total assets	<u>2,915,507</u>
LIABILITIES	
Other liabilities	<u>-</u>
Total liabilities	<u>-</u>
NET POSITION	
Held in trust	<u>\$ 2,915,507</u>

The accompanying notes are an integral part of these statements.

ORCHARD PARK FIRE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2016

	Pension Trust
ADDITIONS:	
Contributions	\$ 183,516
Investment income	<u>100,114</u>
Total additions	<u>283,630</u>
DEDUCTIONS:	
Benefits	81,340
Investment expenses	<u>13,950</u>
Total deductions	<u>95,290</u>
CHANGE IN NET POSITION	188,340
NET POSITION - beginning of year	<u>2,727,167</u>
NET POSITION - end of year	<u><u>\$ 2,915,507</u></u>

The accompanying notes are an integral part of these statements.

ORCHARD PARK FIRE DISTRICT

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

1. DESCRIPTION OF THE DISTRICT

The Orchard Park Fire District (the "District") was formed in 1923. The District is comprised of the Windom, Orchard Park and Hillcrest Fire Companies. The District is governed by a board of five fire commissioners. They are authorized to adopt rules and regulations governing all fire companies within the district. The District's primary source of revenue is from property taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board ("GASB"). The most significant of the District's accounting policies are described below.

Basis of Presentation

Government-Wide Financial Statements

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

The government-wide statements are prepared using the full accrual, economic resources measurement focus. All assets and deferred outflows and liabilities and deferred inflows associated with the operation of the District are included in the statement of net position. All revenues and expenses during the year, regardless of when cash is received or paid, are included in the District's statement of activities. Fiduciary funds are not included in entity-wide statements.

The government-wide statements of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include grants received that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenue identifies the extent to which each governmental function is self-financing or draws from general revenues of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing resources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of when measurements are made, regardless of the measurement focus applied. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental fund statements are using the modified accrual basis of accounting.

Revenue - Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that resources will be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within six months of year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants and entitlements. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and entitlements is recognized in the year in which eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The District had no unearned revenue at year end.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time goods or services are received.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budget

The annual budget is adopted on a basis consistent with governmental fund accounting. The District's governing board must prepare a proposed budget and hold a public hearing to discuss the contents of the proposed budget. The public hearing for 2016 was held on the third Tuesday in October 2015 as required by law. The hearing was conducted and scheduled in a manner to maximize public participation.

The budget is revised as necessary by the District's governing board to give consideration to unanticipated income and expenditures. The budget lapses at the end of the year. The original and final revised budgets for the General Fund are presented as Required Supplemental Information.

The difference between the excess revenues over expenditures shown on the Statement of Revenues and Expenditures - Budget and Actual are reconciled to the net change in fund balance on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds as follows:

Excess expenditures over revenue per Budget	\$ (1,898,421)
Revenue Accruals	(7,975)
Expenditure Accruals	<u>(219,625)</u>
Net change in fund balance	<u>\$ (2,126,021)</u>

Assets, Liabilities, and Equities

- **Cash and Cash Equivalents**

The District considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash.

As authorized by General Municipal Law, the District may invest in special time deposit accounts, certificates of deposit, obligations of the United States of America, obligations guaranteed by agencies of the United States of America where payment of principal and interest are guaranteed by the Government, and obligations of the State of New York.

At December 31, 2016, the reported amount of the Fire District's deposits was \$366,548, not including the fiduciary fund. The Federal Deposit Insurance Corporation insures deposits up to \$250,000 for all interest-bearing accounts. In addition, the District has a collateral agreement with KeyBank for \$915,462. This agreement pledges bank owned securities with a current value to equal or exceed the District's checking and savings accounts held by the bank.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Assets, Liabilities, and Equities (Continued)

- **Capital Assets**

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation is computed using the straight-line method over the following useful lives:

Building and improvements	15 - 40 years
Vehicles	7 - 20 years
Furniture and equipment	3 - 7 years

- **Liabilities and Debt Obligations**

Payables, accrued liabilities and long-term debt obligations are reported as liabilities in the Statement of Net Position. In general, governmental funds payable and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are recorded as obligations of the funds. However, claims and judgments, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

- **Net Position and Fund Balances**

When both restricted and unrestricted net position is available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. When both committed, assigned, or unassigned resources are available for use, it is the District's policy to use committed resources first, followed by assigned resources and then unassigned resources as they are needed. The District does reserve the right to be selective in the use of such restricted assets that best fit the District's needs.

Equity is classified in the government-wide financial statements as net position and is displayed in three components as follows:

- Net investment in capital assets represents capital assets, net of accumulated depreciation and reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted represents net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted represents all other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Assets, Liabilities, and Equities (Continued)

- **Net Position and Fund Balances (Continued)**

Equity is classified in the governmental fund financial statements as fund balance and is further classified as nonspendable, restricted, committed, assigned or unassigned as follows:

- Nonspendable fund balance cannot be spent because it is either (1) not in spendable form, or (2) legally or contractually required to be maintained intact. The \$190,931 reported as nonspendable at December 31, 2016 represents the long-term portion of notes receivable.
- Restricted fund balance is a fund balance with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Committed fund balance can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, the Board of Fire Commissioners (the "Board"). A resolution, ordinance or vote by the Board is required to establish, modify or rescind a fund balance commitment.
- Assigned fund balance is constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The Board is authorized to assign amounts to a specific purpose in accordance with the District's budget policy.
- Unassigned fund balance is a residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund.

Property Tax Revenue

The Town of Orchard Park bills and collects the taxes for the District. Taxes are due from property holders by February 15 for the fiscal year ending December 31. Tax revenue is remitted to the District shortly after the due date by the Town and recognized by the District when received.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Income Taxes

The District is a political subdivision of New York State and a district corporation under Section 174(7) Town Law that is exempt from federal and state income taxes under Section 501 (c)(3) of the Internal Revenue Code. Accordingly, no tax expense is reflected in the financial statements.

3. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2016, is shown below:

	<u>Balance 12/31/15</u>	<u>Capital Acquisitions</u>	<u>Sales/Dispositions</u>	<u>Balance 12/31/16</u>
Depreciable capital assets:				
Building and improvements	\$ 4,044,346	\$ -	\$ -	\$ 4,044,346
Vehicles	4,461,900	187,890	(157,238)	4,492,552
Furniture and equipment	<u>1,500,190</u>	<u>415,668</u>	<u>-</u>	<u>1,915,858</u>
Total depreciable capital assets	<u>10,006,436</u>	<u>603,558</u>	<u>(157,238)</u>	<u>10,452,756</u>
Less: Accumulated depreciation				
Building and improvements	(2,860,566)	(133,763)	-	(2,994,329)
Vehicles	(2,454,322)	(235,139)	141,420	(2,548,041)
Furniture and equipment	<u>(1,199,747)</u>	<u>(124,053)</u>	<u>-</u>	<u>(1,323,800)</u>
Total accumulated depreciation	<u>(6,514,635)</u>	<u>(492,955)</u>	<u>141,420</u>	<u>(6,866,170)</u>
Net depreciable capital assets	<u>3,491,801</u>	<u>110,603</u>	<u>(15,818)</u>	<u>3,586,586</u>
Nondepreciable capital assets:				
Land	155,729	74,123	-	229,852
Construction-in-progress	86,588	1,561,716	-	1,648,304
Building not in service	<u>-</u>	<u>667,108</u>	<u>-</u>	<u>667,108</u>
Total non-depreciable capital assets	<u>242,317</u>	<u>2,302,947</u>	<u>-</u>	<u>2,545,264</u>
Capital assets, net	<u>\$ 3,734,118</u>	<u>\$ 2,413,550</u>	<u>\$ (15,818)</u>	<u>\$ 6,131,850</u>

Depreciation expense of \$492,955 was unallocated and charged to governmental activities.

4. CHANGES IN DEBT

In 2014, the District financed three hydraulic stretchers for \$124,667. The terms of the installment agreement are for three annual payments, with no interest.

The following is a summary of debt transactions for the year ended December 31, 2016:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Installment debt	\$ 41,556	\$ -	\$ 41,556	\$ -	\$ -

5. INSURANCE

The District maintains comprehensive coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. The District also maintains workers' compensation insurance through the State Insurance Fund. Settled claims have not exceeded coverage in any of the past three years.

6. PENSION PLAN

The information contained in this note is based on information for the Length of Service Awards Program for the plan year ending January 1, 2017, which is the most recent plan year for which complete information is available.

Length of Service Awards Program (LOSAP)

The District established a defined benefit LOSAP for the active volunteer firefighters of the Windom, Orchard Park, and Hillcrest Fire Companies. The program took effect on March 1, 1990. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally funded pension benefits to facilitate the recruitment and retention of active volunteer firefighters. The District is the Plan Sponsor.

Program Description

Participation, Vesting, and Service Credit

Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service under the point system are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five years of firefighting service, attaining the entitlement age while an active member, or becoming totally and permanently disabled while an active member.

Benefits

Benefits are paid at \$10 per month multiplied by total years of credited service prior to March 1, 2000; \$20 per month multiplied by total years of credited service after March 1, 2000; total years of service not to exceed 40 years; and service prior to March 1, 1990, limited to five years. Benefits are payable when a participant reaches the later of age 65 or the age after first earning a year of service credit under the point system. The normal benefit is a monthly payment for life, guaranteed for ten years. Post-entitlement age service earned each year is paid as a \$20 increase in the participant's monthly payment. The death benefit amount for pre-entitlement participants is a lump sum equal to the present value of the vested accrued benefit. The beneficiary of a post entitlement age death benefit has the option to continue monthly payments for the balance of the ten year period or receive an actuarial equivalent lump sum.

Fiduciary Investment and Control

Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the governing board. The governing board of the sponsor has retained and designated Penflex, Inc. and Nationwide to assist in the administration and investment of the program. The designated program administrator's functions include collecting contributions from the District, determining the amount of the sponsor's contributions to the program, overseeing investments of assets of the program, and paying benefits of the program.

6. PENSION PLAN (Continued)

Program Description (Continued)

Fiduciary Investment and Control (Continued)

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 operations and administration of the program.

Authority to invest program assets is vested in Nationwide. Subject to restriction 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 Penflex, Inc. Portions of the following information are derived from a report prepared by the actuary dated January 1, 2017.

Program Financial Condition

- **Assets and Liabilities**

Actuarial present value of benefits at January 1, 2017			\$ 3,858,018
---	--	--	--------------

Less: Assets Available for Benefits:

	<u>% of total</u>		
Bond funds	64	\$ 1,867,636	
Specialty	8	233,595	
International stock	8	232,248	
Large-cap stock	18	516,837	
Small-cap stock	2	57,141	
Prepaid benefits		<u>8,050</u>	
Total net assets available for benefits			<u>2,915,507</u>
Total unfunded benefits			<u>\$ 945,511</u>

Trending Analysis

Program funding ratio:

2016	76%
2015	79%
2014	92%

6. PENSION PLAN (Continued)

Program Financial Condition (Continued)

- **Receipts and Disbursements**

Plan net assets, beginning of the year \$ 2,727,167

Changes during the year:

Plan contributions	183,516
Net Investment gain	86,170
Plan benefit withdrawals	(81,340)
Administrative expense and other	<u>(6)</u>

Plan net assets, end of year \$ 2,915,507

- **Contributions**

Amount of District's contribution recommended by actuary \$ 181,698

Amount of District's actual contribution \$ 183,516

Funding Methodology and Actuarial Assumptions

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the "Attained Age Normal" cost method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

The assumed rate of return on investment is 4.5%. The prior year assumed rate of return was 4.5%.

Mortality Tables used for:

Post Entitlement Age Mortality	RP-2014 Male Mortality Table without projection
Pre Entitlement Age Mortality	None
Withdrawal	None
Entitlement Age Service	100%

Lagged contribution methodology utilized to provide lead time for District to prepare and budget for the LOSAP contribution.

7. INVESTMENTS

The District's investments in the LOSAP consist of bond and stocks with readily determinable fair market values. The District's categorizes its investments in the LOSAP based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments in the LOSAP that are measured using Level 2 or Level 3 inputs.

7. INVESTMENTS (Continued)

Fair value measurements of the District's investments in the LOSAP are as follows at December 31, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Bonds	\$ 1,867,636	\$ -	\$ -	\$ 1,867,636
Large Cap Stocks	516,837	-	-	516,837
Specialty Stocks	233,595	-	-	233,595
International Stocks	232,248	-	-	232,248
Small Cap Stocks	<u>57,141</u>	<u>-</u>	<u>-</u>	<u>57,141</u>
	<u>\$ 2,907,457</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,907,457</u>

8. RELATED PARTY TRANSACTION

The Orchard Park Fire District - EMS, Inc. (EMS, Inc.) was established as a nonprofit corporation in September 2009 to provide 24 hour emergency rescue and first aid services to the residents of Orchard Park. The District Fire Commissioners represent the majority of the governing body of EMS, Inc.

The District continues to provide emergency rescue service for the residents of the Town of Orchard Park. Through the 911 system, the District relies on the Erie County Mutual Aid Plan, American Medical Response (AMR), Twin City Ambulance, and EMS, Inc. to provide pre-hospital emergency treatment and for the furnishing of supplemental personnel, equipment or service to cover instances or periods of time when Fire District service may not be readily available.

Ambulance Lease

The District has an agreement to lease fully equipped ambulances, including medical supplies to EMS, Inc. Lease income for ambulances amounted to \$124,667 for the year ended December 31, 2016. The lease calls for an annual rate adjustment. Effective January 1, 2016, EMS, Inc. purchased their own medical supplies and these items were no longer included in the lease payment calculation. The rate per transport decreased from \$67 to \$44 effective January 1, 2016.

Building Lease

The District leases a portion of a building located at 3920 Taylor Road, Orchard Park, New York to EMS, Inc. with rent payable at \$4,000 per month. The lease was for five years with five year automatic extensions, unless an election is made to terminate the lease six months prior to the renewal date. The District recorded \$48,000 of building lease income for the year ended December 31, 2016.

Future minimum rentals to be received under noncancelable leases with remaining terms of more than one year at December 31, 2016 are as follows:

2017	\$ 48,000
2018	48,000
2019	<u>48,000</u>
Total future minimum lease payments	<u>\$ 144,000</u>

8. RELATED PARTY TRANSACTION (Continued)

Note Receivable

The District has a note receivable from EMS, Inc. effective January 1, 2013. The note was for \$349,488, requiring monthly payments of \$3,000 including interest at an annual rate of 2.66%. The note was amended as of November 1, 2014, and a monthly payment of \$500 principal was required. The note was amended again as of March 1, 2016, and a monthly payment of \$1,000 principal is required. The note matures December 31, 2022. Any balance remaining is due at maturity. Full or partial prepayments are allowed without penalty. The note was established to consolidate amounts owed to the District for lease payments, rescue vehicle purchases and reimbursement of Orchard Park resident co-pays paid by the District. The balance of the note receivable at December 31, 2016 was \$202,931.

Miscellaneous Services

Various services including equipment repairs, building maintenance and training are provided to the District by EMS, Inc. personnel. For the year ended December 31, 2016, \$59,639 was billed to the District for these services.

Due from Related Party

At December 31, 2016, \$43,244 was due to the District from Orchard Park Fire District- EMS, Inc. as follows:

Due from EMS, Inc. to the District:	
Ambulance lease payments	\$ 9,642
Interest and other receivable	39,002
Due to EMS, Inc. from the District:	
Miscellaneous services	<u>(5,400)</u>
Balance, December 31, 2016	<u>\$ 43,244</u>

9. CONTRIBUTED SERVICES

The value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and skills to perform a variety of tasks that assist the District, but these services do not meet the criteria for recognition as contributed services.

10. SUBSEQUENT EVENTS

On February 1, 2017, the District issued a one-year bond anticipation note to KeyBank National Association for \$1,600,000 at a rate of 1.28% to assist in financing the partial reconstruction of the District Headquarters and Hillcrest Fire Company building, and for the acquisition of vehicles.

ORCHARD PARK FIRE DISTRICT

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (UNAUDITED) FOR THE YEAR ENDED DECEMBER 31, 2016

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
REVENUES:				
Real property taxes	\$ 1,832,200	\$ 1,843,459	\$ 1,843,459	\$ -
Ambulance usage lease income		189,244	124,667	(64,577)
Foreign fire insurance tax proceeds	-	81,113	81,113	-
Building lease income	48,000	48,000	48,000	-
Interest and earnings	-	29	5,727	5,698
Sale of equipment	20,000	-	20,200	20,200
Miscellaneous	<u>10,520</u>	<u>(500)</u>	<u>30,204</u>	<u>30,704</u>
Total revenues	<u>1,910,720</u>	<u>2,161,345</u>	<u>2,153,370</u>	<u>(7,975)</u>
EXPENDITURES:				
Personnel services	105,000	56,358	63,025	6,667
Contractual expenditures -				-
Office supplies	10,000	11,619	11,617	(2)
Conventions	30,000	5,923	5,923	-
Fire and EMS training	35,000	49,021	49,021	-
Small equipment repair	35,000	57,051	57,051	-
Fire prevention	7,000	8,919	8,919	-
Public drills, parades	3,000	-	-	-
Publication of notices	1,000	2,233	2,233	-
Retention	3,000	-	-	-
Fuel, light, water	120,000	97,554	97,554	-
Repairs to buildings	170,000	107,873	108,298	425
Maintenance supplies	25,000	10,196	10,196	-
Repairs to apparatus	65,000	113,550	113,648	98
Gasoline, diesel fuel	30,000	15,955	15,955	-
Maintenance of radios and alarms	10,000	28,611	28,611	-
Telephone	35,000	25,244	25,244	-
Insurance	260,000	168,506	168,506	-
Legal	15,000	7,420	7,420	-
Accounting	20,000	16,024	16,024	-
Rescue supplies	90,000	37,094	30,772	(6,322)
Property taxes	7,500	11,939	11,939	-
Hydrant rental	10,520	7,877	7,877	-
Computer operations	35,000	19,634	13,029	(6,605)
Medical bills	17,500	13,829	13,829	-
Worker's comp claims	5,000	1,490	1,490	-
Awards program	210,000	209,997	209,997	-
Airpacks and extinguishers	45,000	356,925	357,697	772
Dispatch	85,000	70,357	70,357	-
Medical Director	-	5,400	10,800	5,400
Social security	4,500	4,716	4,715	(1)
Equipment/capital outlay	-	2,292,984	2,512,178	219,194
Purchase of small equipment	145,000	102,253	102,252	(1)
Purchase of bunker gear	50,000	62,101	62,101	-
Purchase of apparatus	226,700	-	-	-
Foreign fire insurance tax distributions	<u>-</u>	<u>81,113</u>	<u>81,113</u>	<u>-</u>
Total expenditures	<u>1,910,720</u>	<u>4,059,766</u>	<u>4,279,391</u>	<u>219,625</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (1,898,421)</u>	<u>\$ (2,126,021)</u>	<u>\$ (227,600)</u>

The accompanying notes are an integral part of this supplementary information.

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

June 29, 2017

To the Board of Fire Commissioners of the
Orchard Park 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 financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Orchard Park Fire District as of and for the year ended December 31, 2016, 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 29, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Orchard Park Fire District's internal control over financial reporting (internal control) to determine 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 Orchard Park Fire District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Orchard Park Fire District's internal control.

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

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

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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

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Orchard Park Fire 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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.