

## **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.*

## **WEST SENECA FIRE DISTRICT NO. 2 IN THE TOWN OF WEST SENECA ERIE COUNTY, NEW YORK**

**\$7,650,000**

**PUBLIC IMPROVEMENT SERIAL BONDS – 2018  
(the “Bonds”)**

**Dated Date: Date of Delivery**

**Maturity Dates: July 1, 2019-2045  
(as shown on the inside cover)**

The Bonds are general obligations of the West Seneca Fire District No. 2 in the Town of West Seneca, 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 in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“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. See “Book-Entry-Only System” herein.

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 July 1, 2019, and semi-annually thereafter on each January 1 and July 1. The Bonds will mature on July 1, as shown on the inside cover page hereof. Certain maturities of the Bonds will be subject to redemption 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 on or about the Date of Delivery shown above in through the facilities of DTC.

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: June 20, 2018

The Bonds will mature on July 1 in each year as set forth below. Interest on the Bonds will be payable on July 1, 2019, January 1, 2020 and semi-annually thereafter on January 1 and July 1 in each year until maturity. Certain maturities of the Bonds will be subject to redemption to 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	\$ 190,000				2035**	\$ 300,000			
2020	185,000				2036**	310,000			
2021	195,000				2037**	320,000			
2022	200,000				2038**	335,000			
2023	205,000				2039**	345,000			
2024	210,000				2040**	360,000			
2025	215,000				2041**	370,000			
2026**	220,000				2042**	385,000			
2027**	230,000				2043**	395,000			
2028**	235,000				2044	415,000			
2029**	245,000				2045	430,000			
2030**	255,000								
2031**	260,000								
2032**	270,000								
2033**	280,000								
2034**	290,000								

\* 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.

**WEST SENECA FIRE DISTRICT NO. 2  
IN THE TOWN OF WEST SENECA  
ERIE COUNTY, NEW YORK**

**BOARD OF FIRE COMMISSIONERS**

David Wassel  
**District Fire Chief**

Gary Mack..... Chairman  
Robert Bengert Jr. .... Commissioner  
Ronald Krawczyk ..... Commissioner  
David Monopolus..... Commissioner

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Dennis Bengert ..... Treasurer  
Don Littler ..... Secretary  
Ralph C. Lorigo, Esq. .... Attorney

**INDEPENDENT AUDITOR**

**Amoto & Fox,  
CPA's Tonawanda, New York**

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**BOND COUNSEL**

**Harris Beach PLLC  
Buffalo, New York**

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**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

### **WEST SENECA FIRE DISTRICT NO. 2 IN THE TOWN OF WEST SENECA ERIE COUNTY, NEW YORK**

**Relating to**

**\$7,650,000**

**PUBLIC IMPROVEMENT SERIAL BONDS – 2018  
(the “Bonds”)**

This Official Statement including the cover page and appendices hereto, presents certain information relating to the West Seneca Fire District No. 2 in the Town of West Seneca, County of Erie, State of New York (the Fire District, Town, County, and State, respectively) in connection with the sale of \$7,650,000 Public Improvement 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 July 10, 2018 and will bear interest from such date at the annual rate or rates as specified by the purchaser, payable on July 1, 2019, and semi-annually thereafter on January 1 and July 1 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 in fully registered form and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”). DTC will act as Securities Depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds. Principal and interest will be paid by the Paying Agent to the Securities Depository, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein under “*Book-Entry-Only System*.”

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 fifteenth business day of the month preceding each interest payment date.

The Fire District will act as Paying Agent for the Notes. The Fire District’s contact information is as follows: Dennis Bengert, Fire District Treasurer, 1845 Union Rd., West Seneca, NY 14224, Phone: (716) 668-2828, Email: bengrn24@gmail.com.

#### *Authority for and Purpose of the Bonds*

The Bonds will 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 January 25, 2016 and approved by qualified voters of the Fire District at a Special Election on March 8, 2016.

The bond resolution authorized financing for the cost of the construction of a new fire station and disaster recovery center, at the estimated maximum cost of \$8,000,000 (the “Project”). The proceeds of the Bonds along with a \$350,000 budgetary appropriation will be used to redeem \$8,000,000 of bond anticipation notes maturing on July 11, 2018

### ***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 2026, inclusive, are not subject to redemption prior to maturity.

The Bonds maturing on or after July 1, 2027 will be subject to redemption prior to maturity, at the option of the Fire District, on any date on or after July 1, 2026, 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 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](http://www.dtcc.com) and [www.dtc.org](http://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 West Seneca 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 for tax years beginning prior to January 1, 2018, the federal alternative minimum tax imposed on 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, with respect to tax years beginning prior to January 1, 2018. Corporate purchasers of the Bonds should consult their tax advisors concerning the computation of any alternative minimum tax.

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, S 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 any future legislation or governmental actions, including amendments to the Code or 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, State or local income taxation, or otherwise prevent holders of the Bonds

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 an audit examination of the Bonds or of obligations which present similar tax issues, will not affect the market price, value or marketability of the Bonds. For example, both Congress and the President have released various legislative proposals that would limit the extent of the exclusion from gross income of interest on obligations of states and political subdivisions under Section 103 of the Code (including the Bonds) for taxpayers whose income exceeds certain threshold levels. No prediction is made as to whether any such proposals will be enacted. 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, 2018 (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**

The Fire District has applied to S&P Global Ratings (“S&P”) for a rating on 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, 1845 Union Road, West Seneca, New York 14224 or by contacting Dennis Bengert, Treasurer at (716) 668-2828 and [bengrn24@gmail.com](mailto:bengrn24@gmail.com). 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](http://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.

**WEST SENECA FIRE DISTRICT NO. 2  
IN THE TOWN OF WEST SECECA**

By: /s/  
Dennis Bengert  
Fire District Treasurer and Chief Fiscal Officer

DATED: June 20, 2018

**APPENDIX A**  
**THE FIRE DISTRICT**

## **THE FIRE DISTRICT**

### ***General Information***

The West Seneca Fire District No. 2 (the “Fire District”) is located in the Town of West Seneca servicing a population of 8,600, with a total land area of approximately 21 square miles located on the South side of the City of Buffalo. The Town is situated in the center of the Western New York region with convenient access to the Niagara Falls, Ontario area, which serves as a gate-way to several Canadian communities including St. Catharines, Hamilton and Toronto. The Town is suburban-residential in nature, with some light manufacturing and commercial development; residents find employment within the Town as well as in the City of Buffalo and in the surrounding area.

The Union Fire Company has served the Gardenville community for over 125 years, officially being organized and incorporated in 1887. Its governing entity, West Seneca Fire District No. 2, comprising of five fire commissioners, was organized in 1927. The department under direction of the chief responds to over 800 Fire, EMS, Rescue and mutual aid incidents annually from its Union Road headquarters, which was last expanded in 1962, serving over 8,500 residents and numerous businesses in the northern sector of West Seneca.

The Buffalo metropolitan area offers Town residents numerous recreational and cultural attractions. Among these are the Albright-Knox Art Gallery, the Buffalo Zoological Gardens, the Buffalo Museum of Science, and the Buffalo Historical Society. Buffalo is also home to professional football, hockey and baseball teams. In addition, the cities of Toronto and Hamilton, Ontario, as well as Erie, Pennsylvania and Rochester, New York are within 90 miles of the Town. Cleveland, Pittsburgh and Syracuse are all within a three-hour drive.

The Buffalo Niagara International Airport, Conrail, the New York State Thruway (Interstate 90), US Route 20 and NYS Route 5 make the Town accessible to area transportation.

### ***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 West Seneca 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 two stations with attached training and maintenance facility. Statistics relating to the Fire District are shown below:

**TABLE 1**  
**Fire District Statistics**

<b><u>Item</u></b>	<b><u>Number</u></b>
Fire Stations	1
Fire Companies	1
Fire Trucks	6
Ambulances	1
Fire Alarms (per year)	150
EMS calls (per year)	750

## ***Employees***

The number of paid employees of the Fire District as well as of the two volunteer companies serving the Fire District is four.

The Fire District provides services through 35 active fire fighter and paramedic volunteers, 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 and Highland Hose Volunteer Fire Company. 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-two. 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 or the Highland Hose Volunteer Fire Company.

**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 2013, 2014, 2015, 2016 and 2017 audited financial statements, and the 2018 budgeted payment amount are as follows:

<b><u>Year</u></b>	<b><u>Amount</u></b>
2018 <i>Budget</i>	\$21,250
2017	21,000
2016	18,041
2015	13,587
2014	10,978
2013	14,905

### ***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 six 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	\$453,444	\$450,000	99.2%
2013	450,803	450,000	99.8%
2014	463,922	459,000	98.9%
2015	553,439	468,180	84.6%
2016	477,933	477,544	99.9%
2017	490,011	487,095	99.4%
2018 <i>Adopted Budget</i>	1,316,367	960,256	72.95%

(1) General Fund.

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

### ***Independent Audit***

The financial statements of the Fire District have been audited by Amoto & Fox, CPA’s, Tonawanda, New York, independent certified public accountants. Financial summaries for the five-year period ending December 31, 2017, 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, 2017 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:)**

<b>Roll Year</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Tax Year</b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
Taxable Assessed Valuation	\$226,436,058	\$224,144,426	\$219,322,539	\$219,734,301	\$220,093,243
State Equalization Rate	45.00%	44.50%	42.90%	42.00%	40.00%
Full Valuation	\$503,191,240	\$503,695,339	\$511,241,350	\$523,176,907	\$550,233,108

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

### Tax Collection Procedures

The Town of West Seneca acts as a collection agent for the real property taxes levied for the Fire District No. 2. 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**

<b><u>Property Owner</u></b>	<b><u>Nature of Business</u></b>	<b><u>Assessed Valuations</u></b>	<b><u>Total Assessed Valuation</u></b> <sup>(1)</sup>
NYSEG	Electric	\$4,478,827	2.03%
Certo Bros.	Beer Dist.	2,720,676	1.24%
Union Square	Senior Apts.	2,362,500	1.07%
Eden Heights	Senior Care	2,163,000	0.98%
McKesson	Drug Dist.	2,115,000	0.96%
Kiantone	Pipeline	2,057,708	0.93%
Buffalo Creek Commons	Apartments	1,600,000	0.73%
Lifetime Health	Health	1,512,400	0.69%
Garden Gate	Senior Apts.	1,500,000	0.68%
Gemcor	Industrial	<u>1,383,700</u>	<u>0.63%</u>
		<u>\$21,893,811</u>	<u>9.95%</u>

(1) Represents 9.95% of the Fire District's 2017 Assessed Valuation of \$220,093,243.

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 local law (resolution in the case of fire districts and certain special districts) 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 noteholders, 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 the 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 debt-contracting limitation of the Fire District as of June 6, 2018 after the issuance of the Bonds.

**TABLE 5**  
**Statutory Debt Limit and Net Indebtedness**

	<b><u>As of 6/6/18</u></b>
Full Valuation of Taxable Real Property	\$550,233,108
Debt Contracting Margin (3% of Full Valuation)	16,506,993
Outstanding Indebtedness (Principal Only):	
Bonds	0
BANs	<u>8,000,000</u>
Total Net Indebtedness	<u>\$ 8,000,000</u>
Net Debt-Contracting Margin	<u>\$ 8,506,993</u>
Percentage of Debt-Contracting Margin Exhausted	<u>48.46%</u>

Source: Fire District Officials.

***Bond Anticipation Notes***

The Fire District has \$8,000,000 of outstanding bond anticipation notes, which will mature on July 11, 2018, and be redeemed with proceeds of the Bonds and a \$350,000 budgetary appropriation.

***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***

The District does 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**

<b><u>Direct Debt</u></b>				
Net Direct Debt				\$ 8,000,000
 <b><u>Overlapping Debt</u></b>				
<b><u>Issuer</u></b>	<b><u>As of</u></b>	<b><u>Net Debt Outstanding</u></b>	<b><u>Fire District Share</u></b>	<b><u>Amount Applicable To Fire District</u></b>
Erie County	09/30/17	\$475,089,545	1.04%	\$ 4,940,931
Town of West Seneca	06/06/18	52,481,170	18.55%	9,735,257
Net Overlapping Debt				\$ 14,676,188
Net Direct Debt				<u>8,000,000</u>
Total Net Direct and Overlapping Debt				<u>\$ 22,676,188</u>

## ***Debt Ratios***

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

**TABLE 8**  
**Debt Ratios**

	<b><u>Amount</u></b>	<b><u>Debt Per Capita</u></b> <sup>(1)</sup>	<b><u>Debt to Full Value</u></b> <sup>(2)</sup>
Net Direct Debt	\$8,000,000	\$930	1.45%
Net Direct and Overlapping Debt	\$22,676,188	\$ 2,637	4.12%

(1) The estimated population of the Fire District is 8,600.

(2) The Fire District's full value of taxable real property for 2017 is \$550,233,108.

## **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**

	<b><u>2000</u></b>	<b><u>2010</u></b>	<b><u>Percentage Change</u></b>
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**

<b><u>Name</u></b>	<b><u>Type</u></b>	<b><u>Approx. No. of Employees</u></b>
West Seneca Central School District	Education	350
West Seneca Highway Department	Public	300
Certo Brothers Distributing Co.	Manufacturing	250
McKesson	Distribution	250
Time Warner	Cable Internet	285

Source: Fire District officials

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

	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
County	460.3	450.4	451.2	448.1	448.6
State	9,659.3	9,591.3	9,644.6	9,668.7	3704.7

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

**Table 12**  
**Yearly Average Unemployment Rates**

<b><u>Year</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
2013	7.4%	7.7%
2014	6.1%	6.3%
2015	5.3%	5.3%
2016	4.9%	4.8%
2017	5.2%	4.7%

**Table 13**  
**Monthly Unemployment Rates**

<b><u>Month</u></b>	<b><u>Town</u></b>	<b><u>County</u></b>	<b><u>State</u></b>
April 2017	4.3%	4.9%	4.4%
May	4.0%	4.9%	4.4%
June	3.9%	5.0%	4.6%
July	3.9%	5.3%	4.9%
August	3.8%	5.2%	4.9%
September	3.9%	4.9%	4.7%
October	4.0%	4.8%	4.4%
November	4.3%	5.0%	4.4%
December	4.6%	5.2%	4.4%
January 2018	5.2%	5.8%	5.1%
February	5.4%	6.1%	5.1%
March	4.8%	5.6%	4.8%

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**  
**FINANCIALS**

**West Seneca Fire District No. 2**  
**Balance Sheet**  
 General Fund, Reserve Funds, Fiduciary Funds  
 Fiscal Year Ended December 31:

	<u>2016</u>	<u>2017</u>
Current Assets:		
Cash - unrestricted	\$275,447	\$398,891
Cash - reserves	\$525,801	\$526,085
Total Assets:	<u>\$801,248</u>	<u>\$924,976</u>
 Liabilities and Fund Balance:		
Accounts Payable	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$0</u>	<u>\$0</u>
 Fund Balance		
Restricted for:		
Reserved for Equipment	144,125	114,187
Reserved for Building	310,387	310,573
Reserved for Insurance	13,107	13,113
Reserved for Repair	47,139	47,163
Reserved for Contingency	11,043	11,049
Reserved for LOSAP	555,834	535,782
Assigned		
Unassigned	<u>275,447</u>	<u>398,891</u>
Total Fund Balance	<u>1,357,082</u>	<u>1,430,758</u>
 Total Liabilities & Fund Balance	<u>\$1,357,082</u>	<u>\$1,430,758</u>

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

**West Seneca Fire District No. 2**  
 Combined Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 General Fund  
 Fiscal Year Ended December 31:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Cash Balance at Beginning of Year	\$700,514	\$121,717	\$96,336	\$50,838	\$275,447
Revenues:					
Real property taxes	\$450,000	\$459,000	\$468,180	\$477,544	\$487,095
Interest earnings	803	4,922	259	0	0
Refund of Prior Years Expenditures	0	0	0	146,309	2,916
Transfer from Reserves	0	0	0	70,000	0
Miscellaneous	0	0	85,000	0	0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	\$450,803	\$463,922	\$553,439	\$693,853	\$490,011
Revenues and Beginning Cash Balance	<u>\$1,151,317</u>	<u>\$585,639</u>	<u>\$649,775</u>	<u>\$744,691</u>	<u>\$765,458</u>
Expenditures:					
Personal services	\$27,500	\$29,547	\$40,131	\$36,249	\$32,653
Fire & Apparatus Equipment	85,015	147,834	69,278	16,017	15,829
Office Supplies & Postage	19,201	4,242	4,405	4,275	7,395
Group Insurance	22,034	19,187	20,120	25,414	32,004
Conventions, Travel & Mileage	4,945	11,267	6,170	4,603	5,911
Hydrant Rental	37,512	37,512	40,638	34,574	37,673
Dues & Subscriptions	5,505	2,991	4,971	5,397	4,598
Taxes - Real Estate	3,293	955	1,519	985	1,019
Utilities	23,776	23,343	24,553	17,582	32,401
Office Equipment	0	1,260	1,100	500	736
Building & Ground Maintenance	26,155	8,781	7,499	4,556	20,648
Repairs - Equipment	24,809	32,376	27,833	31,949	20,727
Gas & Oil	14,123	21,490	10,334	6,894	4,824
EMS Supplies	8,896	11,975	21,369	16,548	19,760
Inspections, Testing & Public Drills	2,542	2,934	4,802	3,734	3,282
Professional Legal	5,505	11,532	198,352	152,526	1,300
Professional Accounting	7,659	8,086	8,460	10,616	13,065
Professional Audit Fees	19,800	8,550	4,779	4,000	4,000
Snow Plowing	3,620	4,240	3,865	1,820	6,925
Uniforms	900	1,206	305	2,106	3,816
Fire Protection	868	1,044	2,530	7,009	0
Workers Compensation Insurance	75,282	75,457	63,881	44,839	53,432
Social Security	2,238	2,339	3,070	3,367	2,333
Physicals & Medical	3,165	2,260	506	4,632	2,261
LOSAP	14,905	10,978	13,587	18,041	21,000
Life Insurance	5,292	5,175	7,027	9,414	8,342
Tax Cancellations	822	512	8,568	104	0
Miscellaneous	386	2,230	134	283	10,633
Transfers to Reserves	583,852	0	0	1,210	0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	1,029,600	489,303	599,786	469,244	366,567
Excess (Def) of Revenues Over Expenditures	121,717	96,336	49,989	275,447	398,891
Beginning Fund Balance	<u>95,121</u>	<u>679,697</u>	<u>680,140</u>	<u>595,487</u>	<u>525,801</u>
Ending Fund Balance (unassigned)	0	0	0	0	0
Add: Amounts due to reserve funds	584,576	443	347	314	284
Minus: Reserve funds total disbursements	<u>0</u>	<u>0</u>	<u>85,000</u>	<u>70,000</u>	<u>0</u>
Ending cash balance	<u>\$679,697</u>	<u>\$680,140</u>	<u>\$595,487</u>	<u>\$525,801</u>	<u>\$526,085</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 Genera

**West Seneca Fire District No. 2**

Budgets

Fiscal Year Ended December 31:

	<u>2017</u>	<u>2018</u>
Appropriations:		
<b>Special Items: Contractual</b>		
Tax Cancellations and Refunds	\$2,000	\$500
<b>Fire Protection:</b>		
Advertising		\$283
Computer Services	\$1,100	\$1,100
Personal services	55,500	47,500
Fire & Apparatus Equipment	0	0
Office Supplies & Postage	4,508	3,600
Group Insurance	26,685	28,797
Travel - training, mileage, meetings	5,200	5,200
Hydrant Rental	37,000	38,803
Dues & Subscriptions	5,500	5,500
Taxes - Real Estate	1,600	3,000
Utilities	19,326	24,300
Office Equipment	20,000	25,000
Building & Ground Maintenance	6,000	1,000
Repairs - Equipment	34,962	21,000
Gas & Oil	7,997	8,000
EMS Supplies	25,000	23,000
Inspections, Testing & Public Drills	6,500	4,000
Professional Legal	4,000	2,500
Professional Accounting	11,000	12,500
Professional Audit Fees	4,000	4,500
Snow Plowing	7,000	10,000
Uniforms	1,500	1,500
Fire Protection	8,000	3,000
Equipment & Capital Outlay	20,000	402,000
Physicals & Medical	5,000	1,200
LOSAP	1,100	1,100
Building Capital Layout	0	0
Miscellaneous	2,600	2,600
<b>Total Fire Protection</b>	<u>\$321,078</u>	<u>\$680,983</u>
<b>Employee Benefits:</b>		
Local pension fund, Employment Benefits	\$17,000	\$21,250
Social Security, employer contribution	4,246	\$3,634
Worker's Compensation	53,191	\$71,000
Life Insurance	8,072	\$9,000
	<u>\$82,509</u>	<u>\$104,884</u>
<b>Debt Service:</b>		
Principal on BANs		\$350,000
Interest on BANs	\$94,000	\$180,000
Reserve Funds	50,000	\$0
	<u>144,000</u>	<u>530,000</u>
<b>Total Appropriations (Expenses)</b>	549,587	1,316,367

**WEST SENECA FIRE DISTRICT NO. 2  
WEST SENECA, NEW YORK**

**CASH BASIS FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT**

**YEAR ENDED DECEMBER 31, 2017**

**WEST SENECA FIRE DISTRICT NO. 2  
WEST SENECA, NEW YORK**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Fire Commissioners  
West Seneca Fire District No. 2  
West Seneca, New York

### ***Report on the Financial Statements***

We have audited the accompanying cash basis financial statements arising from cash transactions of West Seneca Fire District No. 2, as of and for the year ended December 31, 2017, and related notes to the financial statements, which collectively comprise the Fire District's cash basis 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 those financial statements in accordance with the cash basis of accounting; this included the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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Tonawanda, New York 14150  
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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 entities preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 basis for our audit opinions.

The cash basis financial statements have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United State of America. Accordingly, the cash basis financial statements do not present either financial position or results of operations in conformity with accounting principles generally accepted in the United States of America.

### ***Opinion***

In our opinion, the cash basis financial statements referred to above present fairly, in all material respects the financial position of West Seneca Fire District No. 2 as of December 31, 2017, and the results of its operations for the year then ended arising from cash transaction and its revenues collected and expenditures paid and changes in the cash balances for the year then ended on the basis of accounting described in Note 1.

### ***Other Matters***

#### ***Required supplementary Information***

Our audit was conducted for the purpose of forming opinions on the cash basis financial statements listed in the foregoing Table of Contents that collectively comprise the West Seneca Fire District No. 2's cash basis financial statements. The Schedule of Revenues and Expenditures compared to Budget are not a required part of the cash basis financial statements.

We have applied certain limited procedures to be required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information with for consistency with management's responses to our inquiries, the cash basis financial statements, and other knowledge we obtained during our audit of the cash basis financial statements. We do not express an opinion or provide any insurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the cash basis financial of West Seneca Fire District No. 2. The Schedules of revenue and expenditures (excluding budgetary amounts) are presented for the purposes of additional analysis and are not a required part of the cash basis financial statements. The Schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records to prepare the cash basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the cash basis financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, schedules of revenues and expenditures, exclusive of budgetary amounts, are fairly stated in all material respects, in relation to the cash basis financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2018 on our consideration of West Seneca Fire District No. 2's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

May 30, 2018

**CASH BASIS FINANCIAL STATEMENTS**

**WEST SENECA FIRE DISTRICT NO. 2  
WEST SENECA, NEW YORK**

**Statement of Assets, Liabilities and Fund Balance  
On the Cash Basis – All Funds  
December 31, 2017**

	<u>General Fund</u>	<u>Reserve Funds</u>	<u>Capital Fund</u>	<u>Fiduciary Funds (LOSAP)</u>	<u>Fixed Assets</u>	<u>Total Memorandum (Only)</u>
<b><u>ASSETS</u></b>						
Cash-Checking	\$ 398,891	\$ -	\$ 892,096	\$ -	\$ -	\$ 1,290,987
Cash-Savings	-	-	-	-	-	-
Cash-Equipment Reserve	-	144,187	-	-	-	144,187
Cash-Building Reserve	-	310,573	-	-	-	310,573
Cash-Repair Reserve	-	47,163	-	-	-	47,163
Cash-Insurance Reserve	-	13,113	-	-	-	13,113
Cash-Contingency Reserve	-	11,049	-	-	-	11,049
Cash-Fiduciary Funds (LOSAP)	-	-	-	535,782	-	535,782
Land	-	-	-	-	507,670	507,670
Buildings	-	-	-	-	7,347,015	7,347,015
Machinery and equipment	-	-	-	-	1,483,172	1,483,172
Accumulated depreciation - buildings	-	-	-	-	(313,975)	(313,975)
Accumulated depreciation - machinery	-	-	-	-	(1,241,838)	(1,241,838)
<b>Total Assets</b>	<b><u>\$ 398,891</u></b>	<b><u>\$ 526,085</u></b>	<b><u>\$ 892,096</u></b>	<b><u>\$ 535,782</u></b>	<b><u>\$ 7,782,044</u></b>	<b><u>\$ 10,134,898</u></b>

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

**WEST SENECA FIRE DISTRICT NO. 2  
WEST SENECA, NEW YORK**

**Statement of Assets, Liabilities and Fund Balance  
On the Cash Basis – All Funds  
December 31, 2017**

	<b>General Fund</b>	<b>Reserve Funds</b>	<b>Capital Fund</b>	<b>Fiduciary Funds (LOSAP)</b>	<b>Fixed Assets</b>	<b>Total Memorandum (Only)</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>						
<b>Liabilities</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Fund Equity:</b>						
Investments in General Fixed Assets	-	-	-	-	7,782,044	7,782,044
<b>Fund Balance:</b>						
Restricted for Equipment	-	144,187	-	-	-	144,187
Restricted for Building	-	310,573	892,096	-	-	1,202,669
Restricted for Insurance	-	13,113	-	-	-	13,113
Restricted for Repair	-	47,163	-	-	-	47,163
Restricted for Contingency	-	11,049	-	-	-	11,049
Restricted for LOSAP	-	-	-	535,782	-	535,782
<b>Unreserved:</b>						
Unassigned	398,891	-	-	-	-	398,891
<b>Total Fund Balance</b>	<b>\$ 398,891</b>	<b>\$ 526,085</b>	<b>\$ 892,096</b>	<b>\$ 535,782</b>	<b>\$ 7,782,044</b>	<b>\$ 10,134,898</b>

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

**WEST SENECA FIRE DISTRICT NO. 2**  
**WEST SENECA, NEW YORK**

**Statements of Receipts, Disbursements and Changes in Cash Balance – General Fund**  
**For The Year Ended December 31, 2017**

<b>Cash Balance at beginning of year</b>	\$ <u>275,447</u>
<b>Receipts:</b>	
Real Property Taxes	\$ 487,095
Interest Earnings	-
Refund of Prior Year's Expenditures	2,916
Transfer from Reserves	<u>-</u>
Total Receipts	<u>490,011</u>
<b>Total Receipts and Beginning Cash Balance</b>	<u>765,458</u>
<b>Disbursements:</b>	
Personal Services	32,653
Fire & apparatus equipment	15,829
Office Supplies	7,395
Group Insurance	32,004
Conventions, travel and mileage	5,911
Hydrant rental	37,673
Dues and subscriptions	4,598
Taxes-real estate	1,019
Utilities	32,401
Office Equipment	736
Building and Ground Maintenance	20,648
Repairs to Equipment	20,727

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

**WEST SENECA FIRE DISTRICT NO. 2  
WEST SENECA, NEW YORK**

**Statements of Receipts, Disbursements and Changes in Cash Balance – General Fund  
For The Year Ended December 31, 2017 (Continued)**

Gasoline and Oil	\$ 4,824
EMS Supplies	19,760
Inspections, testing and drills	3,282
Professional-Legal	1,300
Professional-Accounting	13,065
Professional-Audit Fees	4,000
Snow Plowing	6,925
Uniforms	3,816
Workers Compensation	53,432
Social Security	2,333
Physicals and Medical	2,261
LOSAP	22,066
Life Insurance	8,342
Meals and Entertainment	763
Computer Services	605
Advertising	5,014
Miscellaneous	3,185
Transfer to Reserve Fund	<u>-</u>
 Total Disbursements	 <u>366,567</u>
 <b>Cash at End of Year</b>	 <b><u>\$ 398,891</u></b>

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

**WEST SENECA FIRE DISTRICT NO. 2  
WEST SENECA, NEW YORK**

**RESERVE FUNDS**

**Statements of Receipts, Disbursements and Changes in Cash Balance  
For the Year Ended December 31, 2017**

	<u>Funds</u>
Cash balance at beginning of year	\$ 525,801
<b>Receipts:</b>	
Interest Income	284
Transfer from General Fund	<u>-</u>
Total receipts	<u>284</u>
Total receipts and beginning cash balance	<u>526,085</u>
<b>Disbursements:</b>	
Transfer to General Fund	<u>-</u>
Cash balance at end of year	<u><u>\$ 526,085</u></u>

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

**WEST SENECA FIRE DISTRICT NO. 2  
WEST SENECA, NEW YORK**

**CAPITAL FUNDS**

**Statements of Receipts, Disbursements and Changes in Cash Balance  
For the Year Ended December 31, 2017**

	<b>Capital Fund</b>
<b>Cash balance at beginning of year</b>	<u>\$ 837,803</u>
<b>Receipts:</b>	
Proceeds from BAN	3,365,155
Interest and Earnings	294
Premium & accrued interest on obligations	<u>3,569</u>
<b>Total receipts</b>	<u>3,369,018</u>
 Total receipts and beginning cash balance	 <u>4,206,821</u>
 <b>Disbursements:</b>	
Fire, Equipment and Capital Outlay	3,198,175
Debt Interest, Bond Anticipation Notes	<u>116,550</u>
<b>Total disbursements</b>	<u>3,314,725</u>
 <b>Cash balance at end of year</b>	 <u><u>\$ 892,096</u></u>

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

**WEST SENECA FIRE DISTRICT NO. 2  
WEST SENECA, NEW YORK**

**Statement of Change in Fiduciary (LOSAP)  
For the Year Ended December 31, 2017**

	<b>Fiduciary (LOSAP)</b>
<b>Cash-Investments at Beginning of Year</b>	<b>\$ 555,834</b>
<b>Additions:</b>	
Contributions - From Sponsor	\$ 21,000
Changes in fair market value of investments	(27,984)
Earnings on Investments	48,524
Total Additions	<u>41,540</u>
<b>Deductions:</b>	
Distributions to Participants	61,592
Plan Service Cost	-
Total Deductions	<u>61,592</u>
Increase in LOSAP funds	(20,052)
<b>Cash-Investments at End of Year</b>	<b><u>\$ 535,782</u></b>

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

**WEST SENECA FIRE DISTRICT NO. 2  
WEST SENECA, NEW YORK**

**Notes to Cash Basis Statements  
December 31, 2017**

**Note 1 - Summary of Significant Accounting Policies**

This summary of significant accounting policies of West Seneca Fire District No. 2 (the Fire District) is presented to assist in understanding the Fire District's financial statements. The financial statements and notes are the representation of the Fire District's management, which is responsible for its integrity and objectivity. As more fully explained under Basis of Presentation, the accounting policies do not conform to accounting principles generally accepted in the United States of America because the accompanying financial statements are presented on the cash basis of accounting.

***Nature of Operations*** - The Fire District was formed in 1887. The Fire District operates one firehouse. It provides fire protection services and rescue services for a portion of the Town of West Seneca, New York.

***Basis of Presentation*** - In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Fire District, the accounts of the Fire District are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified and in accordance with the Uniform System of Accounts for Fire Districts as prescribed by the New York State Comptroller's Office. The following is a description of the funds included herein:

***General Fund*** - The General Fund is the operating fund of the Fire District used to account for all financial transactions not properly accounted for in other funds. This fund operates within the financial limits of an annual budget adopted by the Board of Fire Commissioners.

***Reserve Funds*** - This fund is provided to account for financial transactions of funds established in accordance with the provisions of General Municipal Law. The Board of Fire Commissioners has established a Capital Reserve Fund, a Repair Reserve Fund, an Insurance Reserve Fund, and a Miscellaneous Reserve Fund. These funds, except for the Insurance Reserve Fund, are restricted for their specified purpose and can only be expended after a permissive referendum has been held.

**WEST SENECA FIRE DISTRICT NO. 2  
WEST SENECA, NEW YORK**

**Notes to Cash Basis Statements  
December 31, 2017**

**Note 1 - Summary of Significant Accounting Policies (Cont.)**

***Cash (and Cash Equivalents)/Investments*** - The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

***Principles of Accounting*** - The cash basis financial statements are reported on the cash basis of accounting. Under this method, revenues are recorded when received in cash and expenditures are recorded at the time expenses are paid. Statements prepared on the cash basis of accounting differ in certain significant respects from accounting principles generally accepted in the United States of America. Accounting principles generally accepted in the United States of America require that revenues be recorded as earned and that expenditures be recorded as obligations are incurred. It is not practical to determine the effect of these differences on the cash basis financial statements. Accordingly, the accompanying cash basis financial statements do not present either financial position or results of operations in conformity with accounting principles generally accepted in the United States of America.

***Fund Balance*** - Fund balance represents the excess of accumulated receipts over disbursements. No portion of this amount was appropriated as a financing source for the 2018 budget.

***Budgetary Data*** - On or before November 7th the Fire District Board of Commissioners must approve the budget for the ensuing calendar year and file it with the Town of West Seneca Budget Officer. The budget includes proposed expenditures and the proposed means of financing for the General Fund. The budget is not subject to Town Board and/or voter approval. The Budget is subject to a New York State statutory spending limitation. The budgeted amounts are as originally adopted, or as amended by the Board of Fire Commissioners.

**WEST SENECA FIRE DISTRICT NO. 2  
WEST SENECA, NEW YORK**

**Notes to Cash Basis Statements  
December 31, 2017**

**Note 1 - Summary of Significant Accounting Policies (Cont.)**

*Use of Estimates* - The preparation of the cash basis financial statements has been on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting, other than accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Depreciation* - Provisions for depreciation are computed primarily by the straight-line method.

The estimated useful lives for the principal classification of building and equipment are as follows:

Building	15-40 years
Equipment	5-20 years

*Total Columns on Cash Basis Financial Statements* - The Total column on the cash basis financial statements is captioned “Memorandum Only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**Note 2 - Cash (and Cash Equivalents)-Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risks**

*Cash* - Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. While the District does not have a specific policy for custodial risk, New York State statutes govern the District’s investment policies, as discussed previously in these notes.

The District’s aggregate bank balances included balances not covered by depository insurance at year-end, are collateralized as shown below. The Board believes that this coverage is adequate without significant risk to the District.

**WEST SENECA FIRE DISTRICT NO. 2**  
**WEST SENECA, NEW YORK**

**Notes to Cash Basis Statements**  
**December 31, 2017**

**Note 2 - Cash (and Cash Equivalents)-Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risks (Cont.)**

Collateralized with securities held by the pledging financial institution, or its Trust Department of Agent, but not in District's name	\$ 1,317,072
FDIC Coverage	<u>500,000</u>
	<b><u>\$ 1,817,072</u></b>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$535,782 in the fiduciary funds, which represented the value of the Length of Service Award Program (LOSAP). These funds are covered by Securities Investor Program Corporation (SIPC).

**Note 3 - Property Tax Collections**

The Town of West Seneca acts as a collection agent for the real property taxes levied for West Seneca Fire District No. 2. 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 District.

**Note 4-Short Term Debt**

Liabilities for bond anticipation notes (BANs) are generally accounted for in the capital projects and the enterprise funds. The notes or renewals renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12-month period thereafter.

State law requires that BANS issued for capital purposes be converted to long-term obligation within five years after the original date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Summary of BANs: The Fire District has \$8,000,000 of @ 2.25% outstanding bond anticipation notes, which will mature on July 12, 2018.

**WEST SENECA FIRE DISTRICT NO. 2  
WEST SENECA, NEW YORK**

**Notes to Cash Basis Statements  
December 31, 2017**

**Note 4 - Changes in Non-current Government Assets**

A summary of changes in non-current government assets follows:

	<b>Balance at January 1, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at December 31, 2017</b>
Land	\$ 507,670	\$ -	\$ -	\$ 507,670
Buildings	251,190	7,095,825	-	7,347,015
Equipment	1,483,172	-	-	1,483,172
	<b><u>\$ 2,242,032</u></b>	<b><u>\$ 7,095,825</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,337,857</u></b>

**WEST SENECA FIRE DISTRICT NO. 2  
WEST SENECA, NEW YORK**

**Notes to Cash Basis Statements  
December 31, 2017**

**Note 5 - Fiduciary Fund – Defined Contribution Plan Volunteer Firefighters Service Awards Program – LOSAP**

The West Seneca Fire District No. 2's (District) Basic Financial Statements are for the year ended December 31, 2017.

***Length of Service Awards Program – LOSAP*** - The District established a defined contribution LOSAP for the active volunteer firefighters. The program took effect on January 1, 1992. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The District is the sponsor of the program.

**Program Description:**

***Participation, Vesting and Service Credit*** - Active volunteer firefighters who have reached the age of 18 and who have completed one (1) year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five (5) years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is 60. A participant may also receive credit for five (5) years of firefighting service rendered prior to the establishment of the program.

***Benefits*** – A participant's service award benefit under the program is the amount resulting from the contributions made by the sponsor on behalf of the participant, plus interest and/or other earnings resulting from the investment of the contributions, less necessary administrative costs, forfeitures and losses resulting from the investments of contributions. Annual contributions in the amount of \$480 are made on behalf of each participant who is credited with a year of firefighting service. The maximum number of years of firefighting service for which a participant may receive a contribution is forty (40) years. Benefits are payable when a participant reaches entitlement age except in the case of disability or death. The program provides statutorily mandatory disability and death benefits.

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

The governing board of the Sponsor has retained and designated Harbridge Consulting Group to assist in the administration of the program. The designated program administrator's functions include administration of the plan, updating census from information furnished by the Sponsor, coordinating the actuarial services, adopting needed updates and plan modifications, preparing reports and invoices to the Sponsor for normal cost and amortization of past service costs, payment of benefits to eligible participants and furnishing complete accounting to the Sponsor as well as handling all required filing for the plan. Disbursements of program assets for the payment of benefits or administrative expenses must be approved in advance by the West Seneca Fire District No. 2's Board of Commissioners.

**WEST SENECA FIRE DISTRICT NO. 2  
WEST SENECA, NEW YORK**

**Notes to Cash Basis Statements  
December 31, 2017**

**Note 5 - Fiduciary Fund – Defined Contribution Plan Volunteer Firefighters Service Awards Program – LOSAP (Cont.)**

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 and reasonable expenses of the operation and administration of the program. The trust agreement is dated January 1, 1999. The Fire Commissioners of the Board are the program trustees.

Authority to invest program assets is vested in the program trustees. Subject to restrictions in the program document, program assets are invested in accordance with a statutory “Prudent Person” rule.

The Sponsor is required to retain an Actuary to determine the amount of the Sponsor’s contributions to the plan. The Actuary retained by the Sponsor for this purpose is Standard Security Life Insurance Company. Portions of the following information are derived from a report prepared by the Actuary dated April 2018 and covering the year ended December 31, 2017, which is the latest information from the sponsor and the actuary.

**Program Financial Condition:**

**Prior Service Costs**

Prior service costs are being amortized over one (1) year at a discount rate of 4.00%.

**Receipts and Disbursements**

Plan Net Assets Beginning of Year	\$ 555,834
Changes during the year:	
+ Plan Contributions	21,000
+ Changes in fair market value of investments	(27,984)
+ Investment Income Earned	48,524
- Plan Benefit Withdrawals	(61,592)
- Administrative and Other Fees/charges	-
	<hr/>
<b>Plan Net Assets End of Year</b>	<b><u>\$ 535,782</u></b>

**WEST SENECA FIRE DISTRICT NO. 2  
WEST SENECA, NEW YORK**

**Notes to Cash Basis Statements  
December 31, 2017**

**Note 5-Fiduciary Fund-Defined Contribution Plan Volunteer Firefighters Service Award Program-LOSAP (cont.)**

	<b>Contributions</b>	
	<b><u>Maximum</u></b>	<b><u>Minimum</u></b>
Amount of Sponsor's Contribution Recommended by Actuary	\$ -	\$ 20,000
Amount of Sponsor's Actual Contribution	\$ -	\$ 21,000

**Administrative Fees:**

Fees paid to designated program administrator:	\$ <u>1,066</u>
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**Note 6 - Commitments and Contingencies**

The District has received grants, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for return of funds. Based on prior audits, the District's administration believes disallowances, if any, will be immaterial. The Fire District is involved in litigation with an individual allegedly injured in a vehicle accident with a Fire District truck. The outcome of this litigation and potential judgment against the Fire District can't be determined at this time and no contingency for a loss has been recognized.

**Note 7 - Risk Management**

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

**Note 8 - Subsequent Events**

The District has evaluated events and transactions for potential recognition or disclosure in the financial statements through May 30, 2018 (the date the Financial Statements were available to be issued). Management indicates that there are no items that require disclosure.

**Note 9- Related Party**

The Union Fire Company is a related party to West Seneca Fire District No. 2. The Fire District allows the Fire Company to use the District's apparatus, equipment and facilities for various functions and events at no charge.

**WEST SENECA FIRE DISTRICT NO. 2  
WEST SENECA, NEW YORK**

**Notes to Cash Basis Statements  
December 31, 2017**

**Note 10-District Capital Project**

The Board of Fire Commissioners of West Seneca Fire District No. 2 has authorized the borrowing of eight million dollars (\$8,000,000) from Jefferies Financial Group to be utilized to finance the construction of a new fire station and disaster recovery center, to be located at 1845 Union Road, West Seneca, New York. A special election was held, and the voters adopted a resolution authorizing the Board to borrow eight million dollars (\$8,000,000) to be utilized to finance the construction of the building project. The resolution was adopted. The building was completed in December 2017.

**Note 11- Sale of Building**

The Board of Fire Commissioners of West Seneca Fire District No. 2 has authorized the sale of the old fire station for \$375,000 and the closing was in January 2018.

\* \* \* \* \*

**WEST SENECA FIRE DISTRICT NO. 2  
WEST SENECA, NEW YORK  
GENERAL FUND**

**Schedule of Receipts, Disbursements and Changes in Cash Balance – Budget and Actual  
For the Year Ended December 31, 2017**

	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Cash Balance at Beginning of Year</b>	\$ 275,447	\$ -	\$ 275,447	\$ 275,447	\$ -
<b>Receipts:</b>					
Real Property Taxes	487,095	-	487,095	487,095	-
Interest Earnings	-	-	-	-	-
Refund of Prior Year Expenses	-	-	-	2,916	2,916
Sale of Assets	-	-	-	-	-
Federal Aid, Emergency Disaster Assistance	-	-	-	-	-
Transfer from Reserves	-	-	-	-	-
	<u>487,095</u>	<u>-</u>	<u>487,095</u>	<u>490,011</u>	<u>2,916</u>
Total Cash Receipts	487,095	-	487,095	490,011	2,916
Total Receipts and Beginning Cash Balance	<u>762,542</u>	<u>-</u>	<u>762,542</u>	<u>765,458</u>	<u>2,916</u>
<b>Disbursements:</b>					
Personal Services	47,500	-	47,500	32,653	14,847
Equipment and capital outlay	22,766	-	22,766	15,829	6,937
Office Supplies	4,017	-	4,017	7,395	(3,378)
Office Equipment	600	-	600	736	(136)
Travel-training, mileage and meetings	5,200	-	5,200	5,911	(711)
Hydrant rental	41,000	-	41,000	37,673	3,327
Dues and subscriptions	6,000	-	6,000	4,598	1,402
Inspections, testing and drills	4,100	-	4,100	3,282	818
Insurance-Group	26,138	-	26,138	32,004	(5,866)
Utilities	25,580	-	25,580	32,401	(6,821)
Taxes-real estate	1,549	-	1,549	1,019	530
Repairs to Equipment	19,076	-	19,076	20,727	(1,651)
Building and Grounds Maintenance	12,000	-	12,000	20,648	(8,648)
Building & Capital Outlay	104,210	-	104,210	-	104,210

**WEST SENECA FIRE DISTRICT NO. 2  
WEST SENECA, NEW YORK**

**GENERAL FUND**

**Schedule of Receipts, Disbursements and Changes in Cash Balance – Budget and Actual (Cont.)  
For the Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Disbursements (Cont.):</b>					
Gasoline & Oil	\$ 14,000	\$ -	\$ 14,000	\$ 4,824	\$ 9,176
EMS Supplies	17,000	-	17,000	19,760	(2,760)
Professional-Legal	12,000	-	12,000	1,300	10,700
Professional-Accounting Fees	10,000	-	10,000	13,065	(3,065)
Professional-Audit	4,000	-	4,000	4,000	-
Professional-LOSAP admin	1,100	-	1,100	1,066	34
Snow Plowing	6,900	-	6,900	6,925	(25)
Uniforms	1,100	-	1,100	3,816	(2,716)
Fire Protection	1,200	-	1,200	-	1,200
Workers Compensation	67,075	-	67,075	53,432	13,643
Social Security	3,634	-	3,634	2,333	1,301
Physicals and Medical	2,800	-	2,800	2,261	539
LOSAP	13,000	-	13,000	21,000	(8,000)
Life Insurance	7,000	-	7,000	8,342	(1,342)
Advertising	5,000	-	5,000	5,014	(14)
Meals and Entertainment	-	-	-	763	(763)
Computer Services	-	-	-	605	(605)
Miscellaneous	1,550	-	1,550	3,185	(1,635)
Transfers to Reserves	-	-	-	-	-
	<u>487,095</u>	<u>-</u>	<u>487,095</u>	<u>366,567</u>	<u>120,528</u>
<b>Cash balance at end of year</b>	<b><u>\$ 275,447</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 275,447</u></b>	<b><u>\$ 398,891</u></b>	<b><u>\$ 123,444</u></b>

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

To the Board of Commissioners  
West Seneca Fire District No. 2  
West Seneca, New York

We have audited the Basic Financial Statements of the West Seneca Fire District No. 2 as of and for the year ended December 31, 2017, which comprise the Basic Financial Statements and have issued our report thereon dated May 30, 2018. 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.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered West Seneca Fire District No. 2's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Basic Financial Statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the West Seneca Fire District No. 2's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than inconsequential will not be prevented or detected by the District's internal control.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the Basic Financial Statements will not be prevented or detected by the West Seneca Fire District No. 2's internal control. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether West Seneca Fire District No. 2's Basic Financial Statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of Basic Financial Statements 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*.

We reported to the management of West Seneca Fire District No. 2 in a separate letter dated May 30, 2018.

This report is intended solely for the information and use of management, the audit committee, the Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

May 30, 2018