

OFFICIAL STATEMENT

NEW / RENEWAL ISSUE

BOND ANTICIPATION NOTES

In the opinion of Hancock & Estabrook, LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on, the Notes. See "TAX MATTERS" herein.

The Notes will be designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

\$4,450,000
TULLY JOINT FIRE DISTRICT
IN THE TOWN OF TULLY
ONONDAGA COUNTY, NEW YORK
\$4,450,000 Bond Anticipation Notes, 2010

Dated: March 18, 2010

Due: March 17, 2011

(the "Notes")

The Notes are general obligations of the Tully Joint Fire District in the Town of Tully, Onondaga County, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount.

The Notes may be issued in bearer form, in the denominations of \$5,000 each or multiples thereof as determined by the successful bidder(s) or as stated below, without the option of prior redemption. If issued in bearer form, principal and interest will be payable at maturity in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State of New York as may be selected by such successful bidder(s). Paying agent fees, if any, will be paid by the successful bidder(s).

At the option of the purchaser(s), the Notes will be issued as registered notes, and, when issued, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the Notes purchased. Under this option, payment of the principal of and interest on the Notes to the Beneficial Owner of the Notes will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of DTC, subject to any statutory and regulatory requirements as may be in effect from time to time. See "Book-Entry-Only System" herein.

The Notes are offered when, as and if issued and received by the purchasers and subject to the receipt of the unqualified legal opinion as to the validity of the Notes of Hancock & Estabrook, LLP, Bond Counsel, Syracuse, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC in New York, New York or as may be agreed upon on or about March 18, 2010.

March 2, 2010

THE FIRE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDERS, AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE FIRE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS FOR THE NOTES AS DEFINED IN THE RULE. SEE "MATERIAL EVENT NOTICES" HEREIN.

TULLY JOINT FIRE DISTRICT

TOWN OF TULLY

ONONDAGA COUNTY, NEW YORK

BOARD OF FIRE COMMISSIONERS

ARTHUR P. RIENHARDT
CHAIRMAN

GARY MALONE
DEPUTY CHAIRMAN

JOE ZADER, COMMISSIONER
RALPH THOMPSON, COMMISSIONER
RENEE GURNSEY, COMMISSIONER

* * * * *

CHERYL WAYNE
Secretary

FISCAL ADVISORS & MARKETING, INC.
Fire District Financial Advisor

HANCOCK & ESTABROOK, LLP
Bond Counsel

No person has been authorized by the Fire District to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates 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 Tully Joint Fire District in the Town of Tully.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
DESCRIPTION OF THE NOTES	4	SPECIAL PROVISIONS AFFECTING	
Book-Entry-Only System	4	REMEDIES UPON DEFAULT	14
Certificated Notes	6	MARKET AND RISK FACTORS	14
Purpose of Issue.....	6	MATERIAL EVENT NOTICES	14
TULLY JOINT FIRE DISTRICT.....	6	TAX EXEMPTION.....	15
General Information	6	LITIGATION	16
Wealth and Income Indicators	7	LEGAL MATTERS	16
Population Trends.....	7	BOND RATING	17
Employees	7	MISCELLANEOUS.....	17
Form of Fire District Government.....	7		
Financial Organization	7	APPENDIX - A	
Budgetary Procedures.....	8	GENERAL FUND - Balance Sheets	
Investment Policy	8	APPENDIX - A1	
Unemployment Rate Statistics.....	8	GENERAL FUND – Revenues, Expenditures and	
Pension Payments.....	8	Changes in Fund Balance	
TAX INFORMATION	9	APPENDIX - A2	
Valuations.....	9	GENERAL FUND – Revenues, Expenditures and	
New York Equalization Rate.....	9	Changes in Fund Balance - Budget and Actual	
Tax Rates Per \$1,000 (Assessed)	9	APPENDIX - B	
Tax Collection Procedure	9	AUDITED FINANCIAL STATEMENTS –	
Tax Collection Record.....	9	DECEMBER 31, 2008	
Larger Taxpayers - 2010 Assessment Roll.....	10		
Additional Tax Information.....	10		
STATUS OF INDEBTEDNESS OF THE			
FIRE DISTRICT	10		
Legal Requirements.....	10		
Statutory Procedure	11		
Debt Outstanding End of Fiscal Year.....	11		
Details of Outstanding Indebtedness	12		
Debt Statement Summary	12		
Outstanding Long-Term Bond Indebtedness.....	12		
Capital Project Plans.....	12		
Estimated Overlapping Indebtedness	13		
Debt Ratios	13		
Tax Limit.....	13		

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OFFICIAL STATEMENT
of the
TULLY JOINT FIRE DISTRICT
IN THE TOWN OF TULLY
ONONDAGA COUNTY, NEW YORK

Relating To
\$4,450,000 Bond Anticipation Notes, 2010

This Official Statement, which includes the cover page, has been prepared by the Tully Joint Fire District in the Town of Tully, Onondaga County, New York (the "Fire District", "County" and "State", respectively) in connection with the sale by the Fire District of \$4,450,000 principal amount of Bond Anticipation Notes, 2010 (the "Notes").

The factors affecting the Fire District's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the Fire District tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

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 Notes and the proceedings of the Fire District relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

DESCRIPTION OF THE NOTES

The Notes are general obligations of the Fire District, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the Fire District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount.

The Notes are dated March 18, 2010 and mature, without option of prior redemption, on March 17, 2011. The Notes will be issued in either (i) bearer form, in denominations of \$5,000 each or multiples thereof, as may be determined by the successful bidder(s) with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) at the option of the purchaser(s), as registered notes, and, if so issued, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. Under this option, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of the DTC, subject to any statutory and regulatory requirements as may be in effect from time to time. See "Book-Entry-Only System" herein.

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if issued in registered form. The Notes will be issued as fully-registered securities 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 Note certificate will be issued for each Note bearing the same rate of interest and CUSIP number.

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

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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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"). DTC has Standard & Poor's highest rating: AAA. 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.

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

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping 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.

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts 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, principal and interest to DTC is the responsibility of the Fire District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Fire District. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

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

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

Source: The Depository Trust Company.

Certificated Notes

DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the Fire District and discharging its responsibilities with respect thereto under applicable law. In the event that such book-entry-only system is discontinued, the following provisions will apply:

The Notes will be issued in bearer form in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company authorized to do business in the State as a fiscal agent to be named by the Fire District. The Notes will remain not subject to redemption prior to their stated final maturity date.

Purpose of Issue

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Town Law, Local Finance Law, and a bond resolution adopted by the Board of Fire Commissioners on November 3, 2009 authorizing the issuance of \$4,450,000 for the purpose of financing the demolition of the District's main fire station located on Railroad Street in the Village of Tully, New York and the construction on that site of a new 15,000 square foot building to serve as the District's main fire station and training facility.

The proceeds of the notes will redeem \$500,000 bond anticipation notes maturing March 19, 2010 and provide \$3,950,000 in new monies for the aforementioned purpose.

TULLY JOINT FIRE DISTRICT IN THE TOWN OF TULLY

There follows in this Official Statement a general description of the Fire District, together with certain information concerning its location, economy, governmental organization, indebtedness, current major revenue sources, and general and specific funds.

General Information

The Fire District is located within the Village of Tully, which is approximately 15 miles south of the City of Syracuse and approximately 20 miles north of the City of Cortland. The Fire District protects 4,500 people living in an area of 26 square miles. The District operates out of 2 stations that protect a primarily residential area. The department is a public department whose members are on a combination of paid and volunteer status.

The Tully Fire District is protected by the volunteers of the Tully Hose Company and the Career Firefighters Association of Tully. Providing service since 1895 the Tully Hose Company along with the District's Career Association provide 24 hour service, 7 days a week. The Tully area is protected by 2 fire stations. Station #1 located on Railroad Street in the Village of Tully and Station #2 located in the Hamlet of Vesper on Route 80.

Interstate Expressway #81 and Route #11 intersect near the District with New York Route #80. The Village is serviced by the Syracuse Transportation Company's shuttle bus. In addition, Conrail has a north-south railroad line which runs near the Village. Air service is provided by the Syracuse Hancock International Airport.

The Village of Tully has its own water and sewer systems as well as its own sewage treatment plant. Electricity and natural gas are provided by National Grid and telephone service is provided by Verizon (formerly Bell Atlantic). The Village of Tully has branch offices of HSBC Bank USA and Alliance Bank, N.A.

Located near the Fire District are numerous small parks, wildlife areas and recreation areas. Among the larger of these are the Tully Community Park, Green Lake Park, Heiberg Forest and Song Mountain Ski Area.

Wealth and Income Indicators

Per capita income statistics are not available for the Fire District as such. The smallest areas for which such statistics are available, which includes the Fire District, are the Town and County listed below. The figures set below with respect to such Town and County are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Town or the County are necessarily representative of the Fire District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>1990</u>	<u>2000</u>	<u>2008</u>	<u>1990</u>	<u>2000</u>	<u>2008</u>
Town of:						
Tully	\$ 16,769	\$ 25,223	\$ N/A	\$ 41,287	\$ 63,266	\$ N/A
County of:						
Onondaga	14,703	21,336	27,122	38,816	51,876	65,797
State of:						
New York	16,501	23,389	30,804	39,741	51,691	67,229

Note: 2008 data for the Town is not available at this time.

Source: U.S. Census Bureau, 2006-2008 American Community Survey.

Population Trends

	<u>Town of Tully</u>	<u>Onondaga County</u>	<u>New York State</u>
U. S. Census 1990	2,378	468,973	17,990,455
U. S. Census 2000	2,709	458,336	18,976,457
U. S. Census 2008	2,692	452,633	19,541,453

Source: U.S. Census Bureau, 2008 Population Estimates, Census 2000, 1990 Census.

Employees

The Fire District currently has two employees. These employees are not represented by any bargaining unit.

Form of Fire District Government

The Fire District is governed by a five member Board of Fire Commissioners who are elected to five-year terms on a rotating basis. The Chairman of the Board is elected by the Commissioners at the Organizational Meeting each year. The Treasurer is appointed to a one-year term and the Fire District Secretary is appointed to a one-year term annually by the Commissioners at the Organizational Meeting. A 50% volunteer force and 50% paid staff is responsible for the operation of the equipment and apparatus within the Fire District.

Financial Organization

Pursuant to Town Law, the Treasurer is 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. Pursuant to the Town Law, during the absence of the Fire District Treasurer or the inability to act as the Fire District Treasurer or while the office of the Fire District Treasurer is vacant, the Deputy Fire District Treasurer shall be vested with all of the powers and may perform all of the duties of the Fire District Treasurer.

Budgetary Procedures

The Board of Fire Commissioners, with the assistance of the Fire District Treasurer, prepares the annual budget for the General Fund and allocation to the Reserve Funds, which is approved by the Board of Fire Commissioners. The budget is not subject to referendum. Any revisions to the annual budget are adopted by resolution of the Board of Fire Commissioners. The budget is submitted to the Town of Tully for inclusion with the Town Budgets for submission to the County of Onondaga. The Town and County have no authority to alter the budget as submitted.

Investment Policy

Pursuant to the statutes of the State of New York, the Fire District is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, Bond Anticipation Notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the Fire District; (6) obligations of a New York public corporation which are made lawful investments by the Fire District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of Fire District moneys held in certain reserve funds established pursuant to law, obligations issued by the Fire District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the Fire District's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America, or for obligation of the State of New York or its municipal subdivisions. In the case of obligations of the United States government, the Fire District may also purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian bank or trust company.

Unemployment Rate Statistics

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

	<u>Annual Average</u>							
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Onondaga County	4.0%	4.9%	5.1%	5.1%	4.5%	4.4%	4.1%	5.3%
New York State	4.9%	6.2%	6.4%	5.8%	5.0%	4.6%	4.5%	5.4%

	<u>2009-10 Monthly Figures</u>											
	<u>2009</u>					<u>2010</u>						
	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>
Onondaga County	7.7%	7.2%	7.6%	8.3%	7.9%	7.6%	7.9%	7.8%	7.5%	7.6%	N/A	N/A
New York State	8.1%	7.5%	7.9%	8.6%	8.6%	8.7%	8.8%	8.7%	8.4%	8.8%	N/A	N/A

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

Pension Payments

The Fire District had no post employment benefits at year end.

In 1995 the Fire District approved a Length of Service Award Program (LOSAP) for its volunteer firefighters. This program is fully funded with no liabilities.

TAX INFORMATION

Valuations

<u>Years Ending December 31:</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Assessed Valuation	\$ 172,542,919	\$ 174,065,906	\$ 179,074,422	\$ 257,967,540 ⁽¹⁾	\$ 259,303,608

New York State Equalization Rate

	97.00%	92.00%	76.50%	100.00%	100.00%
Taxable Full Valuation	\$ 177,879,298	\$ 189,202,072	\$ 234,084,212	\$ 257,967,540	\$ 259,303,608

⁽¹⁾ Significant change from previous year due to revaluation.

Tax Rate Per \$1000 (Assessed)

<u>Years Ending December 31:</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Tully Joint Fire District	\$ 1.29	\$ 1.32	\$ 1.32	\$ 0.92 ⁽¹⁾	\$ 0.93

⁽¹⁾ Significant change from previous year due to revaluation.

Tax Collection Procedure

The respective Town Tax Receivers collects all the real estate taxes of the Town, County, Fire District and special district purposes. The Town Tax Receivers distribute the collected tax money to both the Towns and Fire District prior to distributing the balance collected to the County. The Fire District is thereby assured 100% tax collections. Responsibility for the collecting of unpaid taxes rests with the County.

Tax Collection Record

<u>Years Ending December 31:</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Tax Levy	\$ 272,693	\$ 229,141	\$ 236,951	\$ 237,821	\$ 242,242
Uncollected Taxes ⁽¹⁾	None	None	None	None	None

⁽¹⁾ See "Tax Collection Procedure".

Ten Largest Taxpayers - 2010 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Estimated Assessed Valuation</u>
Aldi, Inc.	Warehouse	\$ 32,000,000
Montrose Properties, LLC	Business Complex	2,800,000
Montrose Properties, LLC	Drug Store	2,300,000
Belmont Ridge Apartments, LLC	Apartments	2,125,000
Cranesville Block Co., Inc.	Gravel Pit	1,230,000
Montrose Properties, LLC	Gas Station	1,200,000
Tully Postal Associates, LLC	Post Office	1,000,000
Drumm, Mark	Residence	837,400
Miller, Chris H.	Residence	744,000
Dulasky, Steven R.	Residence	734,800

The larger taxpayers listed above have a total estimated assessed valuation of \$44,971,200 and lie within the Fire District.

Additional Tax Information

Real property located in the Fire District is assessed by the Town of Tully.

Veterans' and senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the Fire District is approximately residential-70%, commercial-16% and agricultural-14%.

The estimated total annual property tax bill of a \$50,000 market value residential property located in the Fire District is approximately \$2,200 including State, Counties, Town, School District and Fire District Taxes.

STATUS OF INDEBTEDNESS OF THE FIRE DISTRICT

Legal Requirements

The New York State Constitution (Article VIII, Section 3) does not recognize a Fire District’s power to contract indebtedness, and to require the levy of taxes upon real estate. The authorization and issuance of Fire District debt, including the purpose, amount and nature thereof, the method and manner of contracting such indebtedness, the maturity and terms of repayment thereof, and other related matters are provided by statute.

The Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of the State of New York limits the power of the Fire District (and municipalities, school and other fire districts of the State) to issue obligations and contract indebtedness. Such limitations include the following, in summary form, and as generally applicable to the Fire District and the Notes.

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 principal of and interest thereon.

Payment and Security. 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 payment of principal on its serial bonds, bond anticipation notes and capital notes.

Debt Limit. The Fire District has the power to contract indebtedness for any Fire District purpose authorized by the Legislature of the State so long as the 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 principal of debt. The method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

There is no constitutional limitation on the amount that may be raised by the Fire District by tax on real estate in any fiscal year to pay interest and principal on indebtedness.

Statutory Procedure

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. The power to spend money, however, generally derives from other law, including the Town Law and General Municipal Law. The Fire District is generally required by the Local Finance Law to submit a bond resolution adopted by its Board of Fire Commissioners, the Finance Board of the Fire District, as a proposition for approval by a majority of the qualified electors at a Fire District election, before such bond resolution becomes effective.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, which in effect, stops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The estoppel procedure for the Notes has been satisfied.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, authorizes the Notes, sets forth the plan of financing and specifies the maximum maturity of the Notes subject to the legal (Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

Each bond resolution also authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York permits notes to be renewed each year provided necessary principal reductions are made and provided generally that such renewals do not extend five years beyond the original date of borrowing.

In addition, under each bond resolution, such Finance Board may delegate, and has delegated, with respect to the Notes, the power to award the Notes to the Fire District Treasurer, the chief fiscal officer of the Fire District.

In general, the Local Finance Law contains similar provisions providing the Fire District with power to issue general obligation revenue and tax anticipation notes and general obligation budget and capital notes.

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending:</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Bonds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Bond Anticipation Notes	0	0	0	0	500,000
Other Debt	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	\$ 0	\$ 0	\$ 0	\$ 0	\$ 500,000

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Fire District as of February 24, 2010:

	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	N/A	\$ 0
<u>Bond Anticipation Notes</u>	March 19, 2010	<u>500,000</u> ⁽¹⁾
	Total Indebtedness	<u>\$ 500,000</u>

⁽¹⁾ To be redeemed at maturity with proceeds of the Notes.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin prepared as of February 24, 2010:

Full Valuation of Taxable Real Property.....	\$ 259,303,608
Debt Limit 3% thereof.....	7,779,108

Inclusions:

Bonds	<u>\$ 0</u>	
Total Inclusions.....		<u>\$ 0</u>

Exclusions:

Appropriations.....	<u>\$ 0</u>	
Total Exclusions.....		<u>\$ 0</u>

Total Net Indebtedness	<u>\$ 0</u>
Net Debt-Contracting Margin.....	<u>\$ 0</u>
The percent of debt contracting power exhausted is	0.00%

Note: The issuance of the Notes will increase the net indebtedness of the Fire District by \$4,450,000.

Outstanding Long-Term Bond Indebtedness

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

Capital Project Plans

The Fire District has no further authorizations outstanding nor are any contemplated at the present time.

Estimated Overlapping Indebtedness

In addition to the Fire District, the following 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. Estimated bonds and bond anticipation notes are listed as of the close of the last fiscal year of the respective municipalities.

<u>Unit</u>	<u>Outstanding Indebtedness</u> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>% Within Fire District</u>	<u>Net Indebtedness</u>
County of: Onondaga	\$ 326,756,438	\$ 166,919,038	\$ 159,837,400	1.14%	\$ 1,822,146
Town of: Tully	202,937	57,937	145,000	95.29%	138,170
School District: Tully CSD	16,090,000	14,127,020	1,962,980	73.97%	1,452,016
Village of: Tully	1,835,000	1,190,000	645,000	100.00%	<u>645,000</u>
				Total	<u>\$ 4,057,332</u>

⁽¹⁾ Bonds and bond anticipation notes, as of close of last respective fiscal year.

⁽²⁾ Sewer, Water and State Office Building indebtedness.

Source: State Comptrollers Report.

Debt Ratios

The following table sets forth certain ratios relating to the Fire District's indebtedness as of February 24, 2010:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Gross Indebtedness (see "Computation of Debt Limit")	\$ 0	\$ 0.00	0.00%
Gross Indebtedness Plus Net Overlapping Indebtedness ^(c)	4,057,332	901.63	1.56%

(a) The current estimated population of the District is 4,500.

(b) The Fire District's full value of taxable real estate for 2010 is \$259,303,608.

(c) Estimated net overlapping indebtedness is \$4,057,332. See "Estimated Overlapping Indebtedness."

Tax Limit

The Constitution does not limit the amount that may be raised by the Fire District-wide tax levy on real estate in any fiscal year.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, State aid and assistance to the Fire District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes.

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Fire District upon any judgment or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of or interest on the Notes.

In accordance with the general rule with respect to municipalities, judgments against the Fire District may not be enforced by levy and execution against property owned by the Fire District.

Recent amendments to the Federal Bankruptcy Act have the effect of facilitating recourse to the protection of a Federal Court by public bodies for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this provision of the Local Finance Law does not apply to Fire Districts, there can be no assurance that it will not be made so applicable in the future.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of such obligations.

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

MARKET AND RISK FACTORS

The financial condition of the Fire District as well as the market for the Notes 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 and in other jurisdictions in the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction, or 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 Notes, could be adversely affected. The Fire District does not receive State aid.

MATERIAL EVENT NOTICES

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule") promulgated by the Securities and Exchange Commission (the "Commission"), the Fire District has agreed to provide, or cause to be provided, during the period in which the Notes are outstanding, in a timely manner, to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB"), or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes, if such event is material:

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults
- (c) unscheduled draws on debt service reserves reflecting financial difficulties

- (d) unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions or events affecting the tax-exempt status of the Notes
- (g) modifications to rights of Noteholders
- (h) bond calls
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Notes
- (k) rating changes

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

The Fire District reserves the right to terminate its obligation to provide the aforescribed notices of material events, as set forth above, if and when the Fire District no longer remains an obligated person with respect to the Notes within the meaning of the Rule. The Fire District acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Notes (including holders of beneficial interests in the Notes). The right of holders of the Notes to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the Fire District's obligations under its material event notices undertaking and any failure by the Fire District to comply with the provisions of the undertaking will neither be a default with respect to the Notes nor entitle any holder of the Notes to recover monetary damages.

A Material Event Notices Certificate to this effect shall be provided to the purchaser(s) at closing.

The Fire District is in compliance with all prior undertakings pursuant to the Rule.

TAX EXEMPTION

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excludable from gross income for federal income tax purposes. These requirements include provisions which prescribe yield and other limits relative to the investment and expenditures of the proceeds of the Notes and other amounts and require that certain earnings be rebated to the federal government. The Fire District will agree to comply with certain provisions and procedures, pursuant to which such requirements can be satisfied. Non-compliance with such requirements may cause interest on the Notes to become includable in gross income for federal income tax purposes retroactive to the date of issuance thereof, irrespective of the date on which non-compliance is ascertained.

Interest on the Notes will be included in the computation of "adjusted current earnings", which may be included in the computation of the alternative minimum taxable income used in calculating the alternative minimum tax that may be imposed with respect to corporations.

The Code imposes a 30% branch profits tax on the earnings and profits of a United States branch of certain foreign corporations attributable to its income effectively connected (or treated as effectively connected) with a United States trade or business. Included in the earnings and profits of the United States branch of a foreign corporation is income that would be effectively connected with the United States trade or business if such income were taxable, such as the interest on the Notes. Existing United States income tax treaties may modify, reduce or eliminate the branch profits tax, except in cases of treaty shopping.

The Code further provides that interest on the Bonds is includable in the calculation of modified adjusted gross income in determining whether a portion of Social Security or railroad retirement benefits is to be included in taxable income of individuals. In addition, certain S Corporations may have a tax imposed on passive income, including tax-exempt interest, such as interest on the Notes.

Prospective purchasers should consult their tax advisors with respect to the calculations of the alternative minimum tax or foreign branch profits tax liability, and the tax on passive income of S Corporations or the inclusion of Social Security or other retirement payments in taxable income.

In the opinion of Bond Counsel, assuming compliance with certain requirements of the Code, under existing laws interest on the Notes is not includable in gross income 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, provided however, interest on the Notes will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations by the Code. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

The opinion of Bond Counsel described herein with respect to the federal income tax treatment of interest paid on the Notes is based upon the current provisions of the Code. There can be no assurance that the Code will not be amended in the future so as to reduce or eliminate such favorable federal income tax treatment on the Notes. Any such future legislation would have an adverse effect on the market value of the Notes.

In addition, in the opinion of Bond Counsel, under existing laws, interest on the Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City of New York.

LITIGATION

The Fire District is subject to a number of lawsuits in the ordinary conduct of its affairs. The Fire District does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the Fire District which has not been disclosed in this Official Statement.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Bond, Hancock & Estabrook, LLP, Bond Counsel, Syracuse, New York. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State and constitute valid and legally binding general obligations of the Fire District, all the taxable property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount to pay the Notes; (ii) interest on the Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City of New York; and (iii) interest on the Notes is excluded from gross income 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; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternate minimum tax imposed on corporations. The opinions of Bond Counsel set forth in (iii) above are subject to the condition that the Fire District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The Fire District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes. It is to be understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be also subject to exercise of judicial discretion in appropriate cases.

Bond Counsel has not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement (except to the extent, if any, stated in the Official Statement) or any other offering material relating to the Notes, and Bond Counsel expresses no opinion relating thereto (excepting only matters set forth as Bond Counsel's opinion in the Official Statement).

BOND RATING

The Notes are not rated.

The Fire District does not have any outstanding long term obligations.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

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

The Tully Joint Fire District in the Town of Tully will act as Paying Agent for the Notes. The Tully Joint Fire District in the Town of Tully contact information is as follows: Mr. Arthur Rienhardt, 4 1 Railroad Street, Tully, New York 13159 telephone: (315) 696-6414, telefax: (315) 696-8396, email: metro311@hotmail.com.

This Official Statement has been duly executed and delivered by the Treasurer of the Tully Joint Fire District in the Town of Tully, on behalf thereof.

**TULLY JOINT FIRE DISTRICT
IN THE TOWN OF TULLY**

Dated: March 2, 2010

**ARTHUR P. RIENHARDT
CHAIRMAN AND
CHIEF FISCAL OFFICER**

GENERAL FUND

Balance Sheets

Fiscal Year Ending December 31:	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>ASSETS</u>			
Cash - Unrestricted	\$ 11,478	\$ 23,015	\$ 36,559
Cash - Restricted	8,497	8,529	215,515
Receivables	-	-	-
Due from Other Funds	-	-	-
Due From Other Governments	-	-	-
	-	-	-
TOTAL ASSETS	\$ 19,975	\$ 31,544	\$ 252,074
 <u>LIABILITES AND FUND EQUITY</u>			
Accounts Payable and Accrued Expenses	\$ -	\$ -	\$ 10,345
Due to Other Funds	-	-	-
Liabilities for Compensated Absences	-	-	-
Deferred Revenue	-	-	-
	-	-	-
TOTAL LIABILITIES	\$ -	\$ -	\$ 10,345
 <u>FUND EQUITY</u>			
Reserved	\$ 8,497	\$ 8,529	\$ 2,582
Unreserved:			
Appropriated	-	-	212,933
Unappropriated	11,478	23,015	26,214
	11,478	23,015	26,214
TOTAL FUND EQUITY	\$ 19,975	\$ 31,544	\$ 241,729
TOTAL LIABILITES and FUND EQUITY	\$ 19,975	\$ 31,544	\$ 252,074

Source: Audited financial reports of the Fire District. The Appendix itself is not audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>REVENUES</u>				
Real Property Taxes	\$ 201,624	\$ 208,746	\$ 221,890	\$ 229,140
Payment in Lieu of Taxes	-	-	-	-
Interest & Earnings	-	-	-	-
Use of Money & Property	622	820	374	828
Sale of Property and Compensation for Loss	-	-	5,000	-
Miscellaneous	31,260	4,500	4,500	4,500
Total Revenues	\$ 233,506	\$ 214,066	\$ 231,764	\$ 234,468
<u>EXPENDITURES</u>				
Public Safety	138,370	132,818	114,254	186,470
Employee Benefits	15,678	15,389	17,499	18,429
Total Expenditures	\$ 154,048	\$ 148,207	\$ 131,753	\$ 204,899
Excess of Revenues Over (Under) Expenditures	79,458	65,859	100,011	29,569
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	(77,000)	(68,000)	(104,325)	(18,000)
Total Other Financing	\$ (77,000)	\$ (68,000)	\$ (104,325)	\$ (18,000)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	2,458	(2,141)	(4,314)	11,569
<u>FUND BALANCE</u>				
Fund Balance - Beginning of Year	23,972	26,430	24,289	19,975
Prior Period Adjustments (net)	-	-	-	-
Fund Balance - End of Year	\$ 26,430	\$ 24,289	\$ 19,975	\$ 31,544

Source: Audited financial reports of the Fire District. This Appendix itself is not audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

	<u>2008</u>		<u>2009</u>		<u>2010</u>	
	<u>Adopted Budget</u>	<u>Actual</u>	<u>Adopted Budget</u>	<u>Actual</u>	<u>Adopted Budget</u>	<u>Actual</u>
<u>REVENUES</u>						
Real Property Taxes	\$ 236,935	\$ 236,951	\$ 237,810	\$ 237,810	\$ 242,250	\$ 242,250
Payment in Lieu of Taxes	-	-	-	-	-	-
Interest & Earnings	-	-	-	-	-	-
Use of Money & Property	800	110	800	800	800	800
Sale of Property and Compensation for Loss	-	-	-	-	-	-
Miscellaneous	4,500	5,650	4,500	4,500	7,166	7,166
Total Revenues	\$ 242,235	\$ 242,711	\$ 243,110	\$ 243,110	\$ 250,216	\$ 250,216
<u>EXPENDITURES</u>						
Public Safety	162,235	147,381	143,610	143,610	126,780	126,780
Employee Benefits	-	19,136	19,500	19,500	23,036	23,036
Total Expenditures	\$ 162,235	\$ 166,517	\$ 163,110	\$ 163,110	\$ 149,816	\$ 149,816
Excess of Revenues Over (Under) Expenditures	80,000	76,194	80,000	80,000	100,400	100,400
Other Financing Sources (Uses):						
Operating Tranfers In	-	-	-	-	-	-
Operating Tranfers Out	(80,000)	(80,000)	(80,000)	(80,000)	(100,400)	(100,400)
Total Other Financing	\$ (80,000)	\$ (80,000)	\$ (80,000)	\$ (80,000)	\$ (100,400)	\$ (100,400)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	(3,806)	-	-	-	-
<u>FUND BALANCE</u>						
Fund Balance - Beginning of Year	-	31,544	-	-	-	-
Prior Period Adjustments (net)	-	(1,524)	-	-	-	-
Fund Balance - End of Year	\$ -	\$ 26,214	\$ -	\$ -	\$ -	\$ -

Source: Audited Financial Report and Budgets of the Fire District. This Appendix itself is not audited.

**TULLY JOINT FIRE DISTRICT
ONONDAGA COUNTY, NEW YORK**

AUDITED FINANCIAL STATEMENT

DECEMBER 31, 2008

Such Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

TULLY JOINT FIRE DISTRICT

DECEMBER 31, 2008

Table of Contents

	Pages
Management's Discussion and Analysis	MDA-1-9
Independent Auditor's Report	1
<u>Primary Government:</u>	
Statement of Net Assets	2
Statement of Activities	3
Balance Sheet – Governmental Funds	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
Notes to Financial Statements	6-15
<u>Required Supplementary Information:</u>	
Statement of Revenues, Expenditures, Encumbrances and Changes In Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis)	16-17
Notes to Required Supplementary Information	18
Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based On An Audit of Financial Statements Performed in Accordance With Government Auditing Standards	19-20

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Tully Joint Fire District (District) annual financial report, the District's management provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2008. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. Additional information is available in the transmittal letter, which precedes *Management's Discussion and Analysis*. The discussion focuses on the District's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Financial Highlights

- The District's assets exceeded its liabilities by \$322,187 (net assets) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$325,535.
- Total net assets are comprised of the following:
 - (1) Capital assets totaling \$1,177,940, net of related debt, of which include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net assets of \$305,401 are restricted by constraints imposed from outside the District such as debt covenants, grantors, laws, established reserves or regulations.
 - (3) Unrestricted net assets of \$26,786 represent the portion available to maintain the District's continuing obligations to citizens and creditors.
- The District's governmental funds, exclusive of capital assets and special revenue fund, reported total ending fund balance of \$241,729 this year. This compares to the prior year ending fund balance of \$245,535 showing a decrease of \$3,806 during the current year. Reserves increased at year end as the District was awaiting the approval of a new fire station in July 2009. In anticipation of that referendum, the Board established a reserve in the amount of \$80,000 to fund certain soft costs and startup expenditures for the forthcoming project. Unreserved fund balance of \$26,214 for fiscal year 2008 shows a \$5,330 decrease from the prior year.
- At the end of the 2008 fiscal year, undesignated fund balance for the General Fund was \$26,214, or 34.4% of total non-capital General Fund expenditures including transfers and 10.8% of total General Fund revenues including transfers.
- Total liabilities of the District increased by \$10,345 during the fiscal year, due to late arriving invoices for some 2008 expenditures.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The District also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Assets*. This is the District-wide statement of financial position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets December serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other non-financial factors such as diversification of the taxpayer base or the condition of District infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the District's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. an important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the District that are principally supported by taxes and intergovernmental revenues, such as grants, and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government and fire protection services. Fiduciary activities such as employee pension plans are not included in the government-wide statements since these assets are not available to fund District programs.

The District's financial reporting entity includes the funds of the District (primary government) and organizations for which the District is accountable (component units). Most of these legally separate organizations operate like District departments, serve as financing vehicles for District services (revenue bond issuers), or are governed by a board of commissioners wholly comprised of the District's Board. These organizations are blended into the primary government for financial reporting purposes. Examples of blended organizations reported as District funds include the certain items of the Tully Hose Company, Inc. The Hose Company operates more independently or provide services directly to the citizens though the District remains accountable for their activities.

Fund financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of this report.

The District has three kinds of funds:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spend able resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spend able resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives December provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the general fund and major special revenue fund. Budgetary comparison schedules for other funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the District's adopted and final revised budget.

Proprietary funds are reported in the fund financial statements and generally report services for which the District charges customers a fee. There are two kinds of proprietary funds. These are enterprise funds and internal service funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the District organization such as the water utilities and the ambulance. Internal service funds provide services and charge fees to customers within the District organization. Because the District's internal service funds primarily service governmental functions, they are included within the governmental activities of the government-wide financial statements.

Proprietary fund statements and statements for discretely presented component units (reporting is similar to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds and individual component units. Individual fund information for internal service funds is not included in this report.

Fiduciary funds such as the trust and agency fund are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund District programs. Fiduciary fund financial statements report similarly to proprietary funds.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* concerning the District's non-GAAP budgetary basis report, comparing actual and budget information for the fiscal year. *Other Supplementary Information* includes detail for long-term debt supporting general government services and information by fund and component unit for capital assets, receivables, payables, transfers, and payments within the reporting entity. Any supplementary information follows the notes to the financial statements.

Major funds and component units are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major, internal service, and fiduciary funds are presented in a subsequent section of this report.

Financial Analysis of the District as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in net assets December be observed and used to discuss the changing financial position of the District as a whole.

The Summary of Net Assets combines the reporting of the District's activities into two categories – *Governmental* and *Business-type* activities. Governmental activities include the regular day-to-day operations, assets, liabilities and equity of the District. The Business-type activities represent the activities in which the District charges user fees for the service provided. There were no material Business-type activities performed in 2008.

For the fiscal year ended December 31, 2008 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 35 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* which required the change in presentation of the District annual general purpose financial statements. Included with that adoption required the recognition of existing capital assets which were to be included in the net assets for the year ended December 31, 2008. Prior District financial statements reported a departure from Generally Accepted Accounting Principles (GAAP) because the District did not recognize fixed assets in a separate account group, as dictated by previous standards.

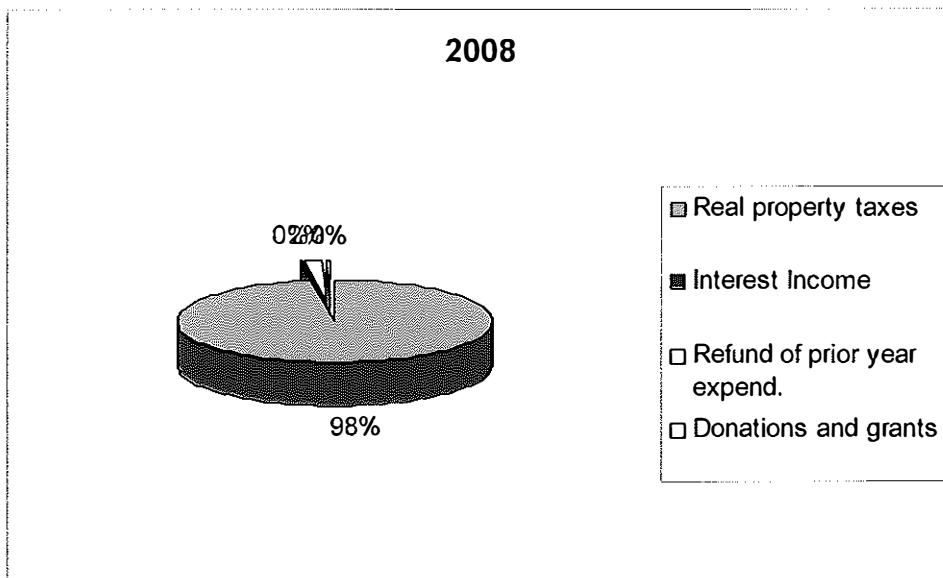
The District determined the value of its capital assets to be \$1,177,940 as of December 31, 2008. The values were based on lower of original cost (net of depreciation) or market value.

The District reported positive balances in net assets for both governmental and business-type activities. Net assets were \$322,187 for governmental activities and \$0 for business-type activities. The District's overall financial position increased 31.2% during fiscal year 2008.

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the District's activities for fiscal year 2008.

GOVERNMENTAL REVENUES

Total 2008 Revenue - \$243,169

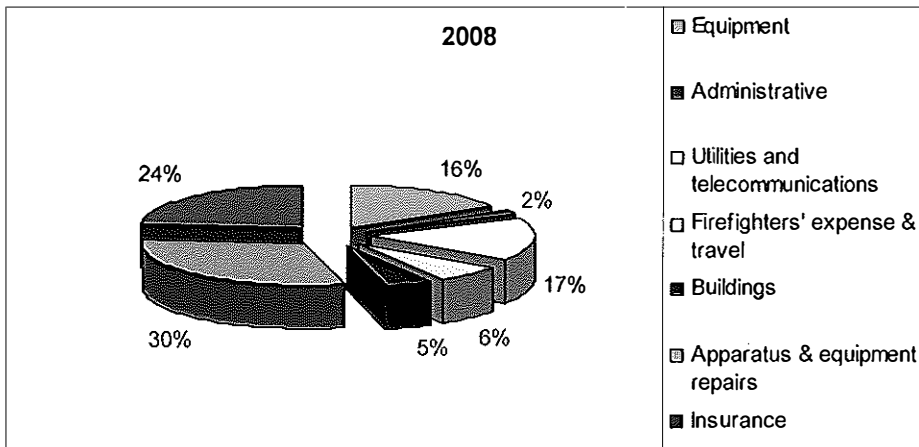


As graphically portrayed above and discussed earlier, the District is heavily reliant on local property taxes to support governmental operations. Property taxes provided 98% of the District's total governmental revenues in fiscal year ended December 31, 2008.

GOVERNMENTAL FUNCTIONAL EXPENSES

The **Functional expenses** of the District are summarized for the year ended December 31, 2008 as follows:

Total Functional Expenses - \$166,517 (excludes capital additions & debt service)



This graph shows the total governmental activities cost of \$166,517 for 2008, down \$19,953 from last year. Of this amount, apparatus and equipment upkeep with \$44,582 in cost for the district and insurance was the next largest operating service cost, at 24% of total cost of services in 2008.

Other governmental activities with significant tax-based funding include governmental administration and equipment replacement, which comprised 17 and 16% of functional expenses for 2008, respectively. As discussed in this report, the District acquired small equipment for its volunteer hose company. For the government-wide full accrual statements, capital outlay expenses are eliminated and capital assets reported.

Capital Assets

The District determined the value of its capital assets to be \$2,150,044 as of December 31, 2008. The values were based on lower of original cost (net of depreciation) or market value. The capitalization of fixed assets contributed to the substantial increase in net assets in the accompanying Summary report. In addition, the District will recognize depreciation in the governmental activities over future periods in connection with the adoption of the new standard. The District's net assets at fiscal year-end are \$1,425,021. This is a \$1,099,486 increase over last year's net assets of \$325,535. The following table provides a summary of the District's net assets at December 31:

	Capital Assets						Total % Change
	Net of Accumulated Depreciation						
	Governmental Activities		Business-type Activities		Totals		
	2008	2007	2008	2007	2008	2007	
Non-Depreciable Assets:							
Land	\$ 40,000	\$ 40,000	\$ -	\$ -	\$ 40,000	\$ 40,000	0%
Depreciable Assets:							
Buildings	161,466	161,466	-	-	161,466	161,466	0%
Fire & Rescue Equipment	322,773	322,773	-	-	322,773	322,773	0%
Fire Apparatus	<u>1,625,805</u>	<u>1,625,805</u>	-	-	<u>1,625,805</u>	<u>1,625,805</u>	<u>0%</u>
Total	2,150,044	2,150,044	-	-	2,150,044	2,150,044	<u>0%</u>
Less: Accumulated Depr.	<u>(972,104)</u>	<u>(896,998)</u>	-	-	<u>(972,104)</u>	<u>(896,998)</u>	<u>8%</u>
Total Capital Assets	<u>\$ 1,177,940</u>	<u>\$ 1,253,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,177,940</u>	<u>\$ 1,253,046</u>	<u>-6%</u>

The District reported positive balances in net assets for governmental activities. Net assets increased \$1,099,486 for governmental activities. The District's overall financial position improved during fiscal year 2008.

Financial Analysis of the District's Funds

Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$321,729. Of this year-end total, approximately \$26,786 is unreserved indicating availability for continuing District service requirements. Reserved fund balances include: \$214,943 committed to future reserves for equipment replacement. The reserves were greatly diminished with the acquisition of the fire apparatus the 2007 fiscal year. The District also has reserved \$80,458 in anticipation of beginning construction of a new fire station in late 2009, pending voter approval.

The total ending fund balances of governmental funds show a increase of \$76,652 over the prior year. This increase is primarily the result of the events and programs described within the analysis of the District's governmental activities, predominately capital acquisitions.

Major Governmental Funds – General & Capital Projects

The General Fund is the District's primary operating fund and the largest source of day-to-day service delivery. The fund balance of the General Fund decreased by \$3,806. Key factors contributing to this decrease include the increases in operating costs of equipment replacement and the steep decline interest earnings on temporary investments and certificates of deposit held by the District. Cost control efforts contained losses to levels reflected in the financial statements. See *General Fund Budgetary Highlights* for more information.

As discussed in the Financial Analysis of the District as a Whole, the property tax distribution to the District decreased \$859 from \$236,951 in 2008 from \$237,810 in 2007. Property tax distribution remains the largest revenue source for the District which is based on the combined assessed valuation of the District properties as a whole.

In the 2008 fiscal year, the District transferred \$80,000 to its reserve for the new station project. The District anticipates expending some of those funds in order to fund feasibility studies and various soft costs associated with the promotion of the project to the Tully community.

Proprietary funds

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

General Fund Budgetary Highlights

The adopted General Fund budget for fiscal year 2008 was \$162,235. This was a decrease of \$875 from the previous year modified budget.

The General Fund adopted budget was amended during the 2008 fiscal year. The amendments added \$7,629 to General fund expenditures as a result of additional inflationary expenditures.

The General Fund budget complied with financial policies approved by the Comptroller's Office of the State of New York.

General Fund Budgetary Highlights

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The General Fund budget complied with financial policies approved by the Comptroller's Office of the State of New York.

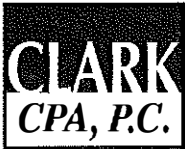
Economic Environment and Next Year's Budgets and Rates

According to the 2000 census, the District serves a population of 2,709 people, 1,030 households as well as providing mutual aid to surrounding townships as needed. The population of the District has increased each year since the last census. The total area of the District is approximately 26.3 square miles and nearly 2% of the area is water, the remainder is land.

The District is located within the Town of Tully in Onondaga County. On occasion, the District shares equipment and property usage with the Town. The District business community relies on its local residents and summer visitors to the neighboring lakes in or near the District boundaries.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the District's Treasurer, at P.O. Box 127, Tully, NY 13159.



INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of the
Tully Joint Fire District

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Tully Joint Fire District (District) as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Tully Joint Fire District as of December 31, 2008, and the respective changes in financial position thereof for the year then in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages MDA-1 through MDA-9 and 16 and 17 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consistently principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Clark CPA, PC
Homer, New York
June 24, 2009

**Tully Joint Fire District
STATEMENT OF NET ASSETS
December 31, 2008**

	<u>TOTAL</u>
<u>ASSETS</u>	
Current Assets	
Cash and cash investments - unrestricted	\$ 36,559
Cash and cash investments - restricted	295,973
Total current assets	<u>332,532</u>
Noncurrent Assets	
Capital assets, net of depreciation	1,102,834
TOTAL ASSETS	<u>\$ 1,435,366</u>
<u>LIABILITIES AND FUND BALANCES:</u>	
Liabilities	
Accounts payable and accrued expenses	\$ 10,345
Intergovernmental payable	-
Total current liabilities	<u>10,345</u>
TOTAL LIABILITIES	10,345
Net Assets	
Invested in capital assets, net of related debt	1,102,834
Restricted for:	
Capital improvements	80,458
Apparatus and equipment	214,943
Unrestricted	<u>26,786</u>
TOTAL NET ASSETS	<u>\$ 1,425,021</u>

See accompanying Notes to Financial Statements.

Tully Joint Fire District
STATEMENT OF ACTIVITIES
For the year ended December 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue and Change in Net Assets</u>
		<u>Property Taxes for Services</u>	<u>Grants & Contributions</u>	<u>Primary Governmental Activities</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 3,407	\$ 4,500	\$ -	\$ 1,093
Public Safety	163,110	236,951	1,000	74,841
Depreciation expense	75,106	-	-	(75,106)
Interfund transfer	80,000	-	-	(80,000)
	<u>\$ 321,623</u>	<u>\$ 241,451</u>	<u>\$ 1,000</u>	<u>(79,172)</u>

General revenues:

Contributions not restricted to programs	150
Unrestricted investment earnings	568
Unrestricted other income	-
General revenues	<u>718</u>
CHANGE IN NET ASSETS	(78,454)
Restatement for recording of capital assets	1,177,940
NET ASSETS, Beginning of Year	<u>325,535</u>
NET ASSETS, End of Year	<u>\$ 1,425,021</u>

**Tully Joint Fire District
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2008**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>TOTAL</u>
ASSETS				
Current Assets				
Cash and cash investments - unrestricted	\$ 36,559	\$ -	\$ -	\$ 36,559
Cash and cash investments - restricted	215,515	-	80,458	295,973
Receivables	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Total current assets	252,074	-	80,458	332,532
TOTAL ASSETS	<u>\$ 252,074</u>	<u>\$ -</u>	<u>\$ 80,458</u>	<u>\$ 332,532</u>
LIABILITIES AND FUND BALANCES:				
Liabilities				
Accounts payable and accrued expenses	\$ 10,345	\$ -	\$ -	\$ 10,345
Due to other funds	-	-	-	-
Current portion of bonds payable	-	-	-	-
Liabilities for compensated absences	-	-	-	-
Deferred revenue	-	-	-	-
Long term portion of bonds payable	-	-	-	-
TOTAL LIABILITIES	10,345	-	-	10,345
Fund balances				
Reserved for encumbrances	-	-	-	-
Capital reserves	2,582	-	80,458	83,040
Unreserved				
Designated for specific purposes	212,933	-	-	212,933
Undesignated	26,214	-	-	26,214
TOTAL FUND BALANCES	<u>241,729</u>	<u>-</u>	<u>80,458</u>	<u>322,187</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 252,074</u>	<u>\$ -</u>	<u>\$ 80,458</u>	<u>\$ 332,532</u>
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities:				
Total Governmental Fund Balances				\$322,187
<i>Amounts reported in governmental activities in the Statement of Net Assets are different because:</i>				
Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds.				1,102,834
Net Assets of Governmental Activities				<u>\$ 1,425,021</u>

Tully Joint Fire District
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the year ended December 31, 2008

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES				
Real property taxes	\$ 236,951	\$ -	\$ -	\$ 236,951
Interest income	110	-	458	568
Refund of expenditures	4,500	-	-	4,500
Donations and grants	1,150	-	-	1,150
TOTAL REVENUES	<u>242,711</u>	<u>-</u>	<u>458</u>	<u>243,169</u>
EXPENDITURES				
Current:				
Equipment	24,027	-	-	24,027
Administration	2,657	-	-	2,657
Utilities and water	24,566	-	-	24,566
Travel and Firefighters' expenditures	9,576	-	-	9,576
Building	7,062	-	-	7,062
Apparatus and equipment repairs	44,582	-	-	44,582
Insurance	34,911	-	-	34,911
Contractual expenditures	19,136	-	-	19,136
TOTAL EXPENDITURES	<u>166,517</u>	<u>-</u>	<u>-</u>	<u>166,517</u>
Excess of Revenues over Expenditures	<u>76,194</u>	<u>-</u>	<u>458</u>	<u>76,652</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	-	-	80,000	80,000
Transfers Out	(80,000)	-	-	(80,000)
Total Other Financing Sources (Uses)	<u>(80,000)</u>	<u>-</u>	<u>80,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(3,806)	-	80,458	76,652
FUND BALANCE, Beginning of Year	245,535	-	-	245,535
FUND BALANCE, End of Year	\$ 241,729	\$ -	\$ 80,458	\$ 322,187

See accompanying Notes to Financial Statements.

Tully Joint Fire District
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General Statement

The accounting and reporting framework and the more significant accounting principles and practices of Tully Joint Fire District (District) are discussed in subsequent sections of the Notes. The remainder of the Notes are organized to provide explanations, including required disclosures, of the District's financial activities for the fiscal year ended December 31, 2008. The District implemented new reporting standards for deposit and investment disclosure and economic condition reporting, as well as recording of capital assets. Comparability with reports of prior years will be affected.

B. Financial Reporting Entity – Basis of Presentation

The District, which was established by a intermunicipal agreement between the Village of Tully, New York and the Town of Tully, New York. The District is governed by New York State General Municipal law. The Board of Commissioners (Board) comprises the legislative body responsible for overall operations.

The Chairman, as chief executive officer, provides for enforcement of all laws, rules and regulations and ordinances of the Board. The Clerk/Treasurer, as chief fiscal and recording officer, acts as custodian of all District papers and records monies belonging to the District and keeps all of the books of account.

The District provides the following basic services: public safety (fire protection and rescue).

All governmental activities and functions performed for the District is its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary District which serves the District of Tully, (b) Town of Tully, (c) organizations for which the primary government is financially accountable, (d) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement 14.

The decision to include a potential component unit in the District's reporting entity is based on several criteria set forth in GASB 14 including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, it was determined that there were no potential component units.

B.1 GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information of the District as a whole excluding

Tully Joint Fire District
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

fiduciary activities such as employee pension plans. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and District general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the District's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund financial Statements

Fund financial statements are provided for governmental and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

B.2 MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The financial statement of the District is prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The District's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to District departments. Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Tully Joint Fire District
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received. See Note D for related information.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities in the financial statements. *Investment, non-current* report assets restricted for acquisition or construction of non-current assets, or are restricted for liquidation of long-term debt. See Note C.5 for information describing restricted assets.

Allocation of Indirect Expenses

The District allocates indirect expenses primarily comprised of central governmental services to operating functions and programs benefiting from those services. Central services include overall District management, centralized budgetary formulation and oversight, accounting, financial reporting, payroll, procurement contracting and oversight, investing and cash management, personnel services, and other central administrative services. Allocations are charged to programs based on use of central services determined by various allocation methodologies. These charges are separately reported in the statement of activities. As a matter of policy, certain functions that use significant central services are not charged for the use of these services. These functions or programs include fire police, fire, administrative and rescue.

**Tully Joint Fire District
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B.3 FUND TYPES AND MAJOR FUNDS

a. Governmental Funds

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

General Fund - the principal operating fund and includes all operations, which are not required to be recorded by other funds.

Special Revenue Funds - used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. There were no special revenue items as of and for the year ended December 31, 2008.

Capital Projects Fund - used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those funded by enterprise, or internal service funds.

Debt Service Fund - used to account for current payments of principal and interest on general obligation long-term debt, and for the financial resources accumulated in a reserve for payment for future principal and interest on long-term indebtedness.

b. Proprietary Funds - used to account for ongoing organizations or activities, which are similar to those often found in the private sector. The measurement focus is upon the determination of net income, financial position, and changes in financial position. The District utilizes no proprietary funds as of December 31, 2008.

c. Fiduciary Funds - used to account for assets held by the District in a trustee or custodial capacity, which is comprised of trust and agency funds which were not utilized in 2008.

C. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

C.1 CASH AND INVESTMENTS

The District investment policies are governed by State statutes. In addition, the District has its own written investment policy. District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Board is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 105 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral

**Tully Joint Fire District
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least 105 percent of the cost of the repurchase agreement.

For purposes of reporting cash flow, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity.

C.2 DEPOSITS

Deposits and investments at year-end are completely covered by federal depository insurance or collateral held by the District 's bank.

C.3 CAPITAL ASSETS, DEPRECIATION, AND AMORTIZATION

The District property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective fund financial statements. Donated assets are stated at fair value on the date donated. The District generally capitalizes assets with cost of one thousand or more as purchase and construction outlays occur. Assets purchased or constructed with grants are an exception. These assets are capitalized at cost of \$5,000 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	10-50
Infrastructure and improvements other than buildings	10-50
Mobile equipment, furniture, machinery, and equipment	5-20

The District presently owns the secondary fire station and the equipment, therefore those capital assets are included in the accompanying financial statements. The Village of Tully presently owns the main station and leased it to the District for \$1 in a prior year.

**Tully Joint Fire District
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

C.4 LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND DISCOUNTS/PREMIUMS

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as liabilities, Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

1. Long Term Debt

a. At December 31, 2008 the total outstanding indebtedness of the District aggregated **\$0**.

b. Serial Bonds - the District will borrow money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the General Long Term Debt Account Group or in the enterprise fund in the case of enterprise fund debt. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities. Enterprise fund debt is liquidated with enterprise income.

c. Other Long Term Debt

Other long-term debt consists of the value of earned and unused portion of the liability for compensated absences of which none recorded at December 31, 2008.

C.5 FUND EQUITY

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The General Fund reserve for restricted purposes includes fund balance/net assets resulting from portions of current and past budgets exclusively restricted for the future acquisition of a fire station, apparatus and large equipment.

**Tully Joint Fire District
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

1. Reserves

The various funds' equity included capital reserve funds established for the following purposes:

<u>Purpose of Reserve</u>	<u>Balance Dec. 31, 2008</u>
Apparatus repair reserves	\$ 572
General Fund - fire truck reserve	212,932
General Fund – new station reserve	80,458
General Fund – air pack reserve	<u>2,010</u>
 Total Reserves	 <u>\$ 295,972</u>

Beginning reserves were \$220,868 – fiscal year increase of \$75,104.

D.1 PROPERTY TAXES

Real property taxes are levied annually no later than January 31 and become a lien on March 31. Taxes are collected during the period January 1 to December 31. The County of Onondaga (New York) assumes enforcement responsibility for all taxes levied in the District.

Unpaid District taxes and school district taxes are turned over to the town and then the county for enforcement. Any such taxes remaining unpaid at year-end are relieved as county taxes in the subsequent year.

D.2 FOREIGN FIRE INSURANCE

The Foreign fire tax program under sections 9104 and 9105 of the NYS Insurance Department mandates that any foreign or alien insurance company that writes fire insurance in New York State, must contribute 2% of the fire premiums written on property located in New York State to be distributed to the fire departments and fire districts statewide. Excess line brokers licensed to write business in NYS under section 2118 of insurance law, must contribute 3% of fire premiums written on property located in NYS.

Proceeds from the foreign fire tax company are intended to be used for the fire departments and their members. The moneys may be used for any purpose which the members determine to be for the benefit of the fire department or company.

Some examples of use of proceeds are: department social functions - such as installation dinners, picnics, banquets, holiday parties; appliances, furniture, televisions for the firehouse; dress & parade uniforms, hats, boots, jackets, t-shirts, turn out gear, and equipment for members of the department; offset of costs from life or disability insurance (must be group policies); and office equipment such as computers and fax machines.

**Tully Joint Fire District
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. REVENUES, EXPENDITURES, AND EXPENSES (CONTINUED)

Any expenditure of foreign fire tax funds should be for the benefit of the department and the membership as a whole and must be voted on by the members of that department. Total expenditures made to the Tully Hose Company, Inc. membership was \$3,250 for the year ended December 31, 2008.

NOTE 2 –STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

1. Budget Policies - The budget policies are as follows:

a. No later than September 20, the Board budget officer submits a tentative budget to the Town Board for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.

b. After public hearings are conducted to obtain taxpayer comments, the governing board adopts the budget.

c. All modifications of the budget must be approved by the Board of Commissioners. (However, the Town Board is authorized to transfer certain budgeted amounts within departments.)

d. Budgets are prepared for proprietary funds to establish the estimated contributions required from other funds and to control expenditures.

2. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the governmental funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

3. Budget Basis of Accounting

(Except as indicated below,) Budget(s) are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

**Tully Joint Fire District
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2008**

NOTE 3 – DETAILED NOTES ON FUNDS AND COMPONENT UNITS:

A. ASSETS

A.1 DEPOSITS, INVESTMENTS, AND SECURITIES LENDING

Deposits are valued at the lower of cost plus accrued interest, or market, and are as follows:

	Market Value	Carrying Amount	
General Fund	\$ 252,074	\$ 252,074	FDIC Insured to \$ 250,000
Capital Projects	80,458	80,458	FDIC Insured to \$ 250,000

A.2 INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2008 there were no interfund amounts due or receivable.

B. LIABILITIES

B.1 RISK MANAGEMENT – CLAIMS AND JUDGEMENTS

Insurance

The District assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The District had no material claims for the fiscal year ended December 31, 2008.

B.1 LEASE COMMITMENTS

The District had no outstanding lease commitments as of December 31, 2008.

C. CAPITAL ASSETS

The District owns the district #2 station in the hamlet of Vesper. The structure is over seventy years old and is considered to be fully depreciated prior to 2008. The District also owns a former residential building adjacent to the main fire station. The residential structure is being considered for full demolition by the Board, and therefore has not been depreciated in the accompanying financial statements. In prior years, the Village of Tully assigned title to the apparatus and equipment to the District in a \$1 transaction.

**Tully Joint Fire District
NOTES TO FINANCIAL STATEMENTS
December 31, 2008**

NOTE 3 – DETAILED NOTES ON FUNDS AND COMPONENT UNITS (CONTINUED):

As of December 31, 2008 capital assets for the District are as follows:

	Beginning <u>Balance</u>	Fiscal Year <u>Additions</u>	Ending <u>Balance</u>
Land	\$ 40,000	\$ -	\$ 40,000
Buildings & Improvements	161,466	-	161,466
Fire & Rescue Apparatus	1,625,805	-	1,625,805
Fire Equipment	<u>322,773</u>	<u>-</u>	<u>322,773</u>
Subtotal	2,150,044	-	2,150,044
Less: Accum. Depreciation - General	(972,104)	(75,106)	(1,047,210)
Less: Accum. Depreciation-Spec Funds	<u>-</u>	<u>-</u>	<u>-</u>
Total ACCUM DEPREC	(972,104)	(75,106)	(1,047,210)
Net property & Equipment	<u>\$ 1,177,940</u>	<u>\$ (75,106)</u>	<u>\$ 1,102,834</u>

NOTE 4 – SUBSEQUENT EVENTS:

The Board unanimously approved a Proposition to conduct a partial demolition, refurbishment and expansion of the District's main fire station and training facility at a cost not to exceed \$4,450,000. The project is to be financed by thirty (30) year general obligation bonds at approximately 4% interest rate.

Management is confident in the referendum passing in July 2009.

Tully Joint Fire District
**SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES
AND CHANGES IN FUND BALANCE**
BUDGET AND ACTUAL (Non-GAAP Budgetary Basis) - GENERAL FUND
For the year ended December 31, 2008

	Budgeted Amounts			Actual Amounts	Variance
	Original Budget	Year-to-date Adjustments	Revised Budget		
REVENUES					
Real property taxes	\$ 236,935	\$ 16	\$ 236,951	\$ 236,951	\$ -
Interest Income	800	(537)	263	263	-
Refund of Expenditures	4,500	-	4,500	4,500	-
Donations and grants	-	4,803	4,803	1,456	3,347
Interfund transfer	-	-	-	-	-
TOTAL REVENUES	242,235	4,282	246,517	243,170	3,347
EXPENDITURES					
Current:					
Rescue Equipment	3,950	(2,155)	1,795	1,795	-
Fire Police Equipment	1,200	(107)	1,093	1,093	-
Communications Equipment	4,750	-	4,750	3,464	1,286
Dive Gear	4,000	(984)	3,016	2,092	924
Fire Gear	6,500	5,716	12,216	12,216	-
Fire Hose	3,000	(3,000)	-	-	-
SCBA Equipment	1,025	133	1,158	1,158	-
Uniforms	750	(192)	558	558	-
Hand Tools	500	(500)	-	-	-
Safety Equipment	700	(700)	-	-	-
Power Tools	2,500	-	2,500	1,651	849
Hydrant Fittings	1,250	(1,101)	149	-	149
Office Supplies	2,500	-	2,500	2,361	139
Association Dues	150	(125)	25	25	-
Publication of Notices	200	(129)	71	71	-
Software	1,000	(800)	200	200	-
Heat and Lights	27,500	(9,263)	18,237	18,237	-
Water	350	92	442	442	-
Internet Service	960	79	1,039	1,039	-
Telephone	3,500	304	3,804	3,804	-
Pager Rental	2,000	(956)	1,044	1,044	-
EMS Education	2,700	(623)	2,077	2,077	-
Travel/Travel	500	(419)	81	81	-
Public Drills/Install Dinner	3,250	291	3,541	3,541	-
Firematic Training	2,500	(2,048)	452	452	-
Fire Prevention Program	1,000	(1,000)	-	-	-
NYSAFC Convention Registrations	250	(250)	-	-	-
Dive Training	1,200	2,225	3,425	3,425	-

See accompanying Notes to Financial Statements.
Page 16

Tully Joint Fire District
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (Non-GAAP Budgetary Basis) - GENERAL FUND
For the year ended December 31, 2008

	Budgeted Amounts			Actual Amounts	Variance
	Original Budget	Year-to-date Adjustments	Revised Budget		
EXPENDITURES (Cont'd)					
Building Repairs	5,000	(322)	4,678	4,678	-
Maintenance Supplies	1,200	138	1,338	1,338	-
Real Estate Taxes	300	(288)	12	12	-
Trash Removal	1,600	(566)	1,034	1,034	-
Apparatus Repairs	9,000	19,738	28,738	28,738	-
Gasoline/Diesel/Oil	6,000	(2,217)	3,783	3,783	-
Equipment Repairs	2,500	8,924	11,424	11,424	-
Pager Maintenance	500	(160)	340	340	-
Chief's Vehicle	750	(453)	297	297	-
Certified Hose Testing	1,200	(1,200)	-	-	-
Public Liability/Property Damage	17,000	(1,643)	15,357	15,357	-
Workmens Comp	18,500	1,054	19,554	19,554	-
Attorney Fees	1,000	390	1,390	1,390	-
Secretary/Treasurer	9,000	-	9,000	9,000	-
Fiscal Consultant	2,500	-	2,500	2,500	-
Department Physician	2,000	(1,508)	492	492	-
Snow Plowing	4,500	185	4,685	4,685	-
New Station Expense	-	1,069	1,069	1,069	-
New Equipment Reserve	-	-	-	-	-
TOTAL EXPENDITURES	162,235	7,629	169,864	166,517	3,347
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	(80,000)	-	(80,000)	(80,000)	-
Total other financing (uses)	(80,000)	-	(80,000)	(80,000)	-
Excess of revenues and other sources over expenditures and other uses	-	(3,347)	(3,347)	(3,347)	-
Fund balance, beginning (Non-GAAP basis)	-	-	-	245,076	-
Fund balance, ending (Non-GAAP basis)	\$ -	\$ (3,347)	\$ (3,347)	\$ 241,729	\$ -

Tully Joint Fire District

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Budgetary Process

The budgetary process is prescribed by provisions of New York State General Municipal Law and entails the preparation of budgetary documents within an established timetable. Budget information is presented to the Town Board each September for approval prior to the coming calendar year. The major documents prepared are the certificates of estimated resources and appropriation resolution, approved by the Board of Commissioners and presented by the Treasurer to the Town Board. The budgetary information includes all of the governmental funds prepared on the budgetary basis of accounting.



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

**To the BOARD OF COMMISSIONERS
TULLY JOINT FIRE DISTRICT**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Tully Joint Fire District as of and for the year ended December 31, 2008, which collectively comprise the Tully Joint Fire District's basic financial statements and have issued our report thereon dated June 24, 2009. 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 of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Tully Joint Fire District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tully Joint Fire District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We also noted certain additional matters that we reported to management of the Tully Joint Fire District, in a separate letter dated June 26, 2009.

This report is intended solely for the information and use of the Board of Commissioners, management, the Office of the New York State Comptroller, state 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.

Clark CPA, PC

Homer, New York
June 26, 2009

