

VILLAGE OF CASSADAGA

FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTAL INFORMATION

YEAR ENDED MAY 31, 2015

BAHGAT
&
LAURITO-BAHGAT
Certified Public Accountants, P.C.

VILLAGE OF CASSADAGA

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Certified Public Accountants, P.C.
Providing the Tools for Financial Success

Sham Dean Bahgat, CPA
Louann Laurito-Bahgat, CPA

Independent Auditor's Report

To the Board of Trustees of the
Village of Cassadaga
Cassadaga, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Village of Cassadaga, as of and for the year ended May 31, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Village of Cassadaga, as of May 31, 2015, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Cassadaga's basic financial statements. The accompanying supplemental material, listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplemental material is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental material is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2015 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Bahgat & Laurito-Bahgat,
Certified Public Accountants, P.C.

December 12, 2015

<p style="text-align: center;">Village of Cassadaga Management's Discussion and Analysis For the Year Ended May 31, 2015</p>

Our discussion and analysis of the Village of Cassadaga's financial performance provides an overview of the Village's financial activities for the year ended May 31, 2015. This section is only an introduction and should be read in conjunction with the Village's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Capital Projects:

During the year ended May 31, 2009 the Village embarked on a new capital project. The project was to clean, replace, and add new water lines to an existing water district. The project also included building a water treatment building, new water well, water tank, and booster station. The project was completed by May 31, 2014 with a total cost of \$4,035,798.

Significant debt issuance:

The Village received a \$3,785,000 loan from the United States Department of Agriculture (USDA) on May 1, 2014 with terms of 2.5% interest per annum maturing August 1, 2048. During the fiscal year ended May 31, 2015 the Village paid \$86,000 of principal and \$70,088 of interest on this loan. The principal balance outstanding as of May 31, 2015 was \$3,699,000.

Reserve for debt service:

The Village charges a debt service fee of \$95.00 per billing cycle to each water customer to help cover the costs of the interest and principal expense on the USDA Loan. The Village also charges an annual debt service fee to Job Corp and Lily Dale. For the fiscal year 2014-2015 revenue from debt service charges totaled \$153,081. The proceeds from the debt service fee charged to residents in the water district are charged against interest and principal expense on the USDA Loan, leaving a balance of \$389,193 in the "Reserve for Debt Service" account at May 31, 2015.

<p style="text-align: center;">Village of Cassadaga Management's Discussion and Analysis For the Year Ended May 31, 2015</p>

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. The fund financial statements tell how these services were financed in the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds.

REPORTING THE VILLAGE AS A WHOLE

The Statement of Net Position and the Statement of Activities

The statement of net position and the statement of activities report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Village's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

These two statements report the Village's net position and how it has changed. Net position – the difference between the Village's assets and liabilities – is one way to measure the Village's financial health or *position*.

- Over time, increases or decreases in the Village's net position are an indicator of whether its financial position is improving or deteriorating.
- Other non-financial factors need to be considered, such as changes in the Village's property tax base and the condition of the Village's roads and infrastructure, to assess the overall health of the Village.

The Village has the following funds:

Governmental activities – All of the Village's basic services are reported here, including public safety, public works, health, economic development, and general administration. Property taxes, sales tax distributions from the county, water service charges, and State revenue finance most of these activities.

Fiduciary activities – The Village is the trustee, or fiduciary, for assets that belong to others. The Village is responsible for ensuring that the assets reported in this fund are used only for their intended purposes. The Village excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations. The Village had no balances to report in the fiduciary fund for May 31, 2015.

**Village of Cassadaga
Management's Discussion and Analysis
For the Year Ended May 31, 2015**

REPORTING THE VILLAGE'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Our analysis of the Village's major funds provides detailed information about the most significant funds – not the Village as a whole. Some funds are required to be established by State law and by bond covenants.

Governmental Funds: The Village's basic services are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending.

These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The Governmental Fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs.

We describe the relationship (of differences) between governmental activities (reported in the statement of net position and the statement of activities) and Governmental Funds in reconciliation statements that are included as part of these financial statements.

<p style="text-align: center;">Village of Cassadaga Management's Discussion and Analysis For the Year Ended May 31, 2015</p>

THE VILLAGE AS A WHOLE

The following chart depicts the Villages statement of net assets. This statement combines all of the funds of the Village as required by GABS Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This is a change from reporting each fund individually in the financial statements.

Condensed Statement of Net Position

	<i>Governmental Activities and Total Village</i>		
	Ending 5/31/15	Ending 5/31/14	Percentage Change
Current assets and other assets	\$ 927,056	\$ 906,992	2.2%
Capital assets	5,200,634	5,347,881	(2.8)%
Total Assets	6,127,690	6,254,873	(2.0)%
Long-Term Debt Outstanding	3,612,000	3,699,000	(2.4)%
Other Liabilities	122,882	94,594	29.9%
Total Liabilities	3,734,882	3,793,594	(1.5)%
Net Position			
Invested in capital assets, net of debt	1,890,827	1,955,082	(3.3)%
Restricted	487,597	481,594	1.2%
Unrestricted	14,384	24,603	(41.5)%
Total Net Position	\$ 2,392,808	\$ 2,461,279	(2.8)%

<p style="text-align: center;">Village of Cassadaga Management's Discussion and Analysis For the Year Ended May 31, 2015</p>

THE VILLAGE AS A WHOLE (Continued)

The following chart depicts the Village's changes in net assets from operating results. This statement combines all funds of the Village as required by GASB Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This is a change from reporting each fund individually in the financial statements. Additionally, revenues that are received as a direct result of expenses are stated separately.

Changes in Net Position from Operating Results

	<i>Governmental Activities and Total Village</i>		
	Fiscal Year	Fiscal Year	Percentage
	Ended	Ended	Change
	5/31/15	5/31/14	
Revenues			
Program revenues			
Charges for services	\$ 303,397	\$ 294,731	2.9%
Operating grants	28,346	17,423	62.7%
General revenues			
Property taxes	123,687	122,017	1.4%
Other tax items	1,037	1,451	(28.5)%
Non-property tax items	122,303	119,676	2.2%
Use of money and property	2,017	1,340	50.5%
Sale of property and compensation for loss	599	331	81%
Miscellaneous	16,465	105	15,581%
State aid	10,351	8,404	23.2%
Total revenues	608,202	565,478	7.6%
Expenses			
General government support	110,278	110,169	0.1%
Public safety	36,653	63,381	(42.2)%
Health	70	30	133.3%
Transportation	182,753	201,973	(9.5)%
Culture and recreation	48,451	44,614	8.6%
Home and community service	205,591	176,317	16.6%
Debt service	92,877	38,362	142.1%
Total expenses	676,673	634,846	6.6%
Decrease in Net Position	\$ (68,471)	\$ (69,368)	(1.3)%

<p style="text-align: center;">Village of Cassadaga Management's Discussion and Analysis For the Year Ended May 31, 2015</p>

THE VILLAGE AS A WHOLE (Continued)

The following chart shows the difference between total cost of services and net cost of services. This difference results from revenues that relate to certain expenditures reducing the expense total as required by GASB Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." The difference between the total cost and net cost for general support consists amounts paid by the Village's taxpayers and other general revenue sources for each of these functions.

Net Cost of Governmental Activities

	Total Cost of Services			Net Cost of Services		
	Fiscal Year Ended 5/31/15	Fiscal Year Ended 5/31/14	Percentage Change	Fiscal Year Ended 5/31/15	Fiscal Year Ended 5/31/14	Percentage Change
General government support	\$110,278	\$ 110,169	0.1%	\$106,760	\$ 109,224	(2.3)%
Public safety	36,653	63,381	(42.2)%	36,653	63,381	(42.2)%
Health	70	30	133.3%	-	(10)	(100)%
Transportation	182,753	201,973	(9.5)%	154,407	184,782	(16.4)%
Culture and recreation	48,451	44,614	8.6%	48,286	43,985	9.8%
Home and community service	205,591	176,317	16.6%	59,028	37,817	56.1%
Debt service	92,877	38,362	142.1%	(60,204)	(116,487)	(48.3)%
Totals	\$676,673	\$ 634,846	6.6%	\$344,930	\$ 322,692	6.9%

THE VILLAGE'S FUNDS

General Governmental Functions

As of May 31, 2015 the Village's governmental funds reported a combined fund balance of \$921,999. The governmental funds positive balance is due to the completion and permanent financing of the Village's capital project.

**Village of Cassadaga
Management's Discussion and Analysis
For the Year Ended May 31, 2015**

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2014-2015 fiscal year, significant changes between the original budget and the actual expenditures occurred in a few areas in the General Fund (Non-GAAP Basis):

- General Government Support had a final budget of \$114,339. The actual expenditures were \$97,834, resulting in a favorable variance of \$16,505. This was due to a savings in the cost of the Village's general liability insurance of \$5,546; and expenditures for building equipment, mayor contractual, audit expense, treasurer contractual, building personnel expense and building contractual were all less than the amounts budgeted.
- Public Safety had a final budget of \$48,500. The actual expenditures were \$26,680, resulting in a favorable variance of \$6,163 after encumbrances of \$15,657. The encumbrance was for firemen's turn out gear totaling \$15,657 that were ordered and not received until after May 31, 2015. The favorable variance was realized largely due to the firemen's contractual expenditures being less than the amount budgeted.
- Transportation had a final budget of \$118,246. The actual expenditures were \$110,331 resulting in a favorable variance of \$7,915. This was due to a savings in street maintenance contractual expenditures being less than the amount budgeted.
- Culture and recreation had a final budget of \$49,710. The actual expenditures were \$37,582, resulting in a favorable variance of \$12,128. This was due mostly by cuts in our beach program, less than budgeted costs for renovations and concerts and celebrations.
- Home and community services had a final budget of \$7,725. The actual expenditures were \$2,500, resulting in a favorable variance of \$5,225. This was due less than budgeted costs for shade trees, community beautification, and planning board expenses.
- Employee benefits had a final budget of \$37,400. The actual expenditures were \$28,000, resulting in a favorable variance of \$9,400. This was due to less than budgeted unemployment costs, a savings in health insurance costs because of a change in insurance plan, and less than projected State Retirement costs.

Village of Cassadaga
Management's Discussion and Analysis
For the Year Ended May 31, 2015

GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

During the 2014-2015 fiscal year, significant changes between the original budget and the actual revenues occurred in a few areas in the General Fund (Non-GAAP Basis):

- Non-property tax items had a final budget of \$115,000. Actual income in this category was \$122,303, resulting in a favorable variance of \$7,303. This was due to receiving more than budgeted from Sales Tax Distribution and Franchise fees.
- State aid revenue had a final budget of \$29,500. Actual income in this category was \$38,697, resulting in a favorable variance of \$9,197. This was as a result of an increase in original budget for CHIPS revenue as a result of an additional allocation from New York State for extreme winter recovery projects and a slight increase in Mortgage Tax.

CAPITAL ASSET AND ADMINISTRATION

Capital Assets

At May 31, 2015, the Village had \$5,200,634 various capital assets, net of accumulated depreciation, including land, buildings and improvements, infrastructure, and machinery and equipment.

	Capital Assets at Year-End
Land	\$ 40,000
Buildings and improvements	2,289,487
Infrastructure	5,539,396
Machinery and equipment	1,126,702
	<u>8,995,585</u>
Accumulated depreciation	<u>(3,794,951)</u>
Total	<u><u>\$ 5,200,634</u></u>

<p style="text-align: center;">Village of Cassadaga Management's Discussion and Analysis For the Year Ended May 31, 2015</p>

FUTURE ECONOMIC FACTORS

At the time these financial statements were prepared and audited, the Village was aware of the following circumstances that could significantly affect its financial health in the future:

- Governor Cuomo and the State Legislature enacted the Property Tax Freeze Credit as part of the 2015 State budget. The requirements to qualify for the Property Tax Freeze Credit will be phased in over two years. In the first year the Village must comply with the New York State Property Tax Cap for the 2015-2016 fiscal year. In the second year the Village must comply with the New York State Property Tax Cap and also comply with a Government Efficiency Plan required to be submitted by June 1, 2015 to reduce costs by consolidating services. The Plan must be determined to be compliant by the State Division of Budget. The Government Efficiency Plan must generate savings of 1% of the tax levy in the 2017-2018, 2018-2019 and 2019-2020 fiscal years. The Village plans to comply with the requirements of the Property Tax Freeze Credit in future fiscal years. The Village did receive confirmation that Efficiency Plan that was submitted was accepted and approved. This may result in property owners receiving a refund on their taxes.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Village's citizens, taxpayers, customers, investors, and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Village office at 22 Mill Street, Cassadaga, NY 14718.

FINANCIAL STATEMENTS

Village of Cassadaga
Statement of Net Position
May 31, 2015

ASSETS	
Cash	
Unrestricted	\$ 402,823
Restricted	487,597
Receivables	
Other	36,262
Due from other governments	374
Capital assets, net	5,200,634
Total Assets	\$ 6,127,690
LIABILITIES AND NET POSITION	
LIABILITIES	
Payables	
Interest payable	\$ 30,825
Other	5,057
Long-term liabilities	
Due and payable within one year	
Installment bonds	87,000
Due and payable after one year	
Installment bonds	3,612,000
Total Liabilities	3,734,882
NET POSITION	
Net investment in capital assets	1,890,827
Restricted	487,597
Unrestricted	14,384
Total Net Position	2,392,808
Total Liabilities and Net Position	\$ 6,127,690

Village of Cassadaga
Statement of Activities and Changes in Net Position
For the Year Ended May 31, 2015

	Program Revenues			Net (Expense)
	Expenses	Charges for	Operating	Revenue and
		Services	Grants	Changes in
				Net Position
FUNCTIONS/PROGRAMS				
General governmental support	\$ 110,278	\$ 3,518	\$ -	\$ (106,760)
Public safety	36,653	-	-	(36,653)
Health	70	70	-	-
Transportation	182,753	-	28,346	(154,407)
Culture and recreation	48,451	165	-	(48,286)
Home and community services	205,591	146,563	-	(59,028)
Debt service	92,877	153,081	-	60,204
Total Functions and Programs	\$ 676,673	\$ 303,397	\$ 28,346	(344,930)
GENERAL REVENUES				
Real property taxes				123,687
Other tax items				1,037
Non-property tax items				122,303
Use of money and property				2,017
Sale of property and compensation for loss				599
Miscellaneous				16,465
State aid				10,351
Total General Revenues				276,459
Change in Net Position				(68,471)
Total Net Position - Beginning of year				2,461,279
Total Net Position - End of year				\$ 2,392,808

Village of Cassadaga
Balance Sheet - Governmental Funds
May 31, 2015

	Major		
	General	Water	Total Governmental Funds
ASSETS			
Cash			
Unrestricted	\$ 163,379	\$ 239,444	\$ 402,823
Restricted	80,393	407,204	487,597
Receivables			
Other	7,130	29,132	36,262
Due from other funds	-	7,504	7,504
Due from other governments	374	-	374
Total Assets	\$ 251,276	\$ 683,284	\$ 934,560
LIABILITIES			
Payables			
Other	\$ 4,500	\$ 557	\$ 5,057
Due to other funds	7,504	-	7,504
Total Liabilities	12,004	557	12,561
FUND BALANCES			
Restricted:			
Reserve for fire equipment	25,393	-	25,393
Reserve for highway equipment	25,000	-	25,000
Reserve for building renovation/addition	30,000	-	30,000
Reserve for debt service	-	389,193	389,193
Reserve for repairs	-	18,011	18,011
Assigned	64,543	275,523	340,066
Unassigned	94,336	-	94,336
Total Fund Balances	239,272	682,727	921,999
Total Liabilities and Fund Balances	\$ 251,276	\$ 683,284	\$ 934,560

Village of Cassadaga
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
May 31, 2015

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash - unrestricted	\$ 402,823	\$ -	\$ -	\$ 402,823
Cash - restricted	487,597	-	-	487,597
Other receivables	36,262	-	-	36,262
Due from other funds	7,504	-	(7,504)	-
Due from other governments	374	-	-	374
Land, buildings and equipment (net)	-	5,200,634	-	5,200,634
Total Assets	\$ 934,560	\$ 5,200,634	\$ (7,504)	\$ 6,127,690
LIABILITIES				
Interest payable	\$ -	\$ 30,825	\$ -	\$ 30,825
Installment bonds payable	-	3,699,000	-	3,699,000
Other payables	5,057	-	-	5,057
Due to other funds	7,504	-	(7,504)	-
Total Liabilities	12,561	3,729,825	(7,504)	3,734,882
FUND BALANCE/NET POSITION				
Total Fund Balance/Net Position	921,999	1,470,809	-	2,392,808
Total Liabilities, Fund Balance/Net Position	\$ 934,560	\$ 5,200,634	\$ (7,504)	\$ 6,127,690

Village of Cassadaga
Reconciliation of the Balance Sheet
to the Statement of Net Position - Governmental Funds
For the Year Ended May 31, 2015

Fund Balances - total governmental funds		\$ 921,999
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	\$ 8,995,585	
Less accumulated depreciation	(3,794,951)	
		5,200,634
Long-term liabilities including bonds payable, compensated absences and post-employment benefits are not due and payable in the current period and therefore are not reported in the funds.		
Interest payable	(30,825)	
Installment bonds payable	(3,699,000)	
		(3,729,825)
Net position of governmental activities		\$ 2,392,808

Village of Cassadaga
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended May 31, 2015

	Major		
	General	Water	Total Governmental Funds
REVENUES			
Real property taxes	\$ 123,687	\$ -	\$ 123,687
Other tax items	1,037	-	1,037
Non-property tax items	122,303	-	122,303
General government	10	-	10
Health	70	-	70
Culture and recreation	165	-	165
Home and community services	50	-	50
Metered water sales	-	119,494	119,494
Intergovernmental	27,019	-	27,019
Debt service - water	-	153,081	153,081
Use of money and property	1,030	987	2,017
Licenses and permits	20	-	20
Fines and forfeitures	3,488	-	3,488
Sale of property and compensation for loss	599	-	599
Miscellaneous	360	16,105	16,465
State aid	38,697	-	38,697
Total Revenues	318,535	289,667	608,202
EXPENDITURES			
General governmental support	97,834	-	97,834
Public safety	26,680	-	26,680
Health	70	-	70
Transportation	110,331	-	110,331
Culture and recreation	37,582	-	37,582
Home and community service	2,500	107,830	110,330
Employee benefits	28,000	25,722	53,722
Debt service			
Principal	-	86,000	86,000
Interest	-	70,088	70,088
Total Expenditures	302,997	289,640	592,637
Excess/(Deficiency) of Revenues over Expenditures	15,538	27	15,565
Excess/(Deficiency) of Revenue and Other Sources Over Expenditures and Other (Uses)	15,538	27	15,565
Fund Balances, Beginning of Year	223,734	682,701	906,435
Fund Balances, End of Year	\$ 239,272	\$ 682,728	\$ 922,000

Village of Cassadaga
Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in
Fund Balance to the Statement of Activities
For the Year Ended May 31, 2015

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Eliminations and Reclassifications	Statement of Activities Totals
REVENUES						
Real property taxes	\$ 123,687	\$ -	\$ -	\$ -	\$ -	\$ 123,687
Other tax items	1,037	-	-	-	-	1,037
Non-property tax items	122,303	-	-	-	-	122,303
General government	10	-	-	-	-	10
Health	70	-	-	-	-	70
Culture and recreation	165	-	-	-	-	165
Home and community services	50	-	-	-	-	50
Metered water sales	119,494	-	-	-	-	119,494
Intergovernmental	27,019	-	-	-	-	27,019
Debt service - water	153,081	-	-	-	-	153,081
Use of money and property	2,017	-	-	-	-	2,017
Licenses and permits	20	-	-	-	-	20
Fines and forfeitures	3,488	-	-	-	-	3,488
Sale of property and compensation for loss	599	-	-	-	-	599
Miscellaneous	16,465	-	-	-	-	16,465
State aid	38,697	-	-	-	-	38,697
Total Revenues	608,202	-	-	-	-	608,202
EXPENDITURES/EXPENSES						
General governmental support	97,834	-	2,526	-	9,918	110,278
Public safety	26,680	-	9,941	-	32	36,653
Health	70	-	-	-	-	70
Transportation	110,331	-	56,528	-	15,894	182,753
Culture and recreation	37,582	-	3,183	-	7,686	48,451
Home and community service	110,330	-	75,069	-	20,192	205,591
Employee benefits	53,722	-	-	-	(53,722)	-
Debt service						
Principal	86,000	-	-	-	-	86,000
Interest	70,088	-	-	(63,211)	-	6,877
Total Expenditures	592,637	-	147,247	(63,211)	-	676,673
Excess (Deficiency) of Revenues Over Expenditures	15,565	-	(147,247)	63,211	-	(68,471)
Net Change for the Year	\$ 15,565	\$ -	\$ (147,247)	\$ 63,211	\$ -	\$ (68,471)

<p style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2015</p>
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Note 1 - Summary of Certain Significant Accounting Policies

The financial statements of the Village of Cassadaga (the Village) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies utilized by the Village are described below:

A. Reporting Entity

The Village of Cassadaga is governed by the laws of New York State. The Village is an independent entity governed by an elected Village Board consisting of four Trustees. The Mayor serves as the chief fiscal officer and the chief executive officer. The Board is responsible for, and controls all activities within the Village. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The Village provides the following basic services; lighting, maintenance of Village roads including the control of snow and ice removal on contracted village roads, cultural and recreation programs, and water transmission and distribution systems. All governmental activities and functions performed for the Village of Cassadaga are the direct responsibility of the Village Board. Therefore, no other governmental organizations have been included in nor excluded from the Village's reporting entity.

B. Basis of Presentation

1. Village-wide statements:

The Statement of Net Position and the Statement of Activities present financial information about the Village's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions.

The Statement of Activities presents a comparison between program expenses and revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

<p style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2015</p>
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Note 1 - Summary of Certain Significant Accounting Policies (Continued)

B. Basis of Presentation (continued)

2. Fund financial statements:

The fund statements provide information about the Village's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

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 the determination of financial position and changes in financial position (the sources, uses, and balances of current financial resources). The following are the Village's governmental fund types.

General Fund: This is the Village's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Water Fund: This fund accounts for the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by the governments that provide the funds or by outside parties.

C. Measurement Focus and Basis of Accounting

The Village-wide and fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Village gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

<p style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2015</p>
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Note 1 - Summary of Certain Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

D. Property Taxes

Real property taxes are levied annually by the Village Board and become a lien no later than June 1. Taxes were collected through the period ending September 30.

Uncollected real property taxes are subsequently enforced by Chautauqua County, in which the Village is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the Village no later than the following April 30.

E. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Village's policy concerning which to apply first varies with the intended use and with associated legal requirements, many of which are described elsewhere in these Notes.

F. Interfund Transactions

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

In the Village-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types. Eliminations have been made for all interfund receivables and payables between the funds.

<p style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2015</p>
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Note 1 - Summary of Certain Significant Accounting Policies (Continued)

F. Interfund Transactions (Continued)

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the Village's practice to settle these amounts at a net balance based upon the right of legal offset.

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	\$ 7,504	\$ -	\$ -	\$ -
Water Fund	-	7,504	-	-
Total Government Activities	7,504	7,504	-	-
Fiduciary	-	-	-	-
Totals	\$ 7,504	\$ 7,504	\$ -	\$ -

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, potential contingent liabilities and useful lives of long-lived assets.

H. Cash (and cash equivalents)/Investments

The Village's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

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

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

<p style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2015</p>
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Note 1 - Summary of Certain Significant Accounting Policies (Continued)

I. Accounts Receivable

Receivables (accounts receivable) are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

J. Other Assets/Restricted Assets

Certain proceeds from bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the Village-wide financial statements and their use is limited by applicable bond covenants.

K. Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to May 31, 2010. For assets acquired prior to June 1, 2010, estimated historical costs, based on appraisals conducted by independent third party professionals, were used.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the Village-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$5,000	Straight - line	50 years
Building improvements	\$5,000	Straight - line	40 years
Site improvements	\$5,000	Straight - line	20 years
Machinery and equipment	\$5,000	Straight - line	5-20 years

L. Other Benefits

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

The Village does not provide any post-employment benefits.

<p style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2015</p>
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Note 1 - Summary of Certain Significant Accounting Policies (Continued)

M. Short-term Debt

The Village may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. The Village had no BANs outstanding at May 31, 2015.

N. Accrued Liabilities and Long-term Obligations

Payables, accrued liabilities and long-term obligations are reported in the Village-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the Village's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

O. Equity Classifications

Village-wide statements:

In the Village-wide statements there are three classes of net position:

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

Restricted net position – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – reports the balance of net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the Village.

<p style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2015</p>
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Note 1 - Summary of Certain Significant Accounting Policies (Continued)

O. Equity Classifications (Continued)

Funds statements:

In the fund basis statements there are five classifications of fund balance:

Non-spendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The Village has no non-spendable fund balances as of May 31, 2015.

Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General fund are classified as restricted fund balance. The Village has established the following restricted fund balances:

Reserve for Fire Equipment

The equipment reserve is used to establish a reserve for the purpose of purchasing equipment.

Reserve for Highway Equipment

The equipment reserve is used to establish a reserve for the purpose of purchasing highway equipment.

Reserve for Building Renovation/Addition

The building reserve is used to establish a reserve for the purpose of paying for building improvements and additions.

Reserve for Repairs

The repairs reserve is used to establish a reserve for the purpose of paying for repairs to equipment.

Reserve for Debt Service

The debt service reserve is used to establish a reserve for the purpose of paying interest and principal on debt.

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Village's highest level of decision making authority, i.e., the Board of Trustees. The Village has no committed fund balances as of May 31, 2015.

<p style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2015</p>
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Note 1 - Summary of Certain Significant Accounting Policies (Continued)

O. Equity Classifications (Continued)

Funds statements (Continued):

Assigned - Includes amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed. The Village has encumbrances reported in the General Fund amounted to \$15,657 and has appropriated \$48,886 to reduce the tax levy. Additionally, the Water Fund has assigned funds of \$275,523.

Unassigned – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the Village.

Order of Use of Fund Balance:

The Village's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first, and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

P. Future Changes in Accounting Standards

GASB has issued Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*, effective for the year ending May 31, 2016.

GASB has issued Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*, effective for the year ending May 31, 2016.

GASB has issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the year ending May 31, 2017.

The Village will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

<p style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2015</p>
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Note 2 – Explanation of Certain Differences Between Governmental Fund Statements and Village-Wide Statements

Due to the differences in the measurement focus and basis of accounting used in the funds statements and the Village-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Village-wide statements, compared with the current financial resources focus of the governmental funds.

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

Total fund balances of the Village's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

1. Long-term revenue differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.

Village of Cassadaga
Notes to Financial Statements
For the Year Ended May 31, 2015

Note 2 – Explanation of Certain Differences Between Governmental Fund Statements and Village-Wide Statements (Continued)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities (continued):

3. Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Note 3 – Stewardship, compliance and accountability:

Budget Policies – The budget policies are as follows:

No later than March 20, the Budget Officer submits a tentative budget to the Village Board for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds of the Village except for the capital projects fund. The entire Village Board with the assistance of the Clerk/Treasurer reviews and appropriates each line item of the budget.

After public hearings are conducted to obtain taxpayer comments, but no later than April 20, the Village adopts the preliminary budget.

Budgetary controls are established for the capital projects fund through resolutions authorizing individual projects, which remains in effect for the life of the project.

Budgets are adopted annually on a basis consistent with generally accepted accounting principles.

Note 4 – Cash (and cash equivalents) - Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risks

Cash

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

Village of Cassadaga
Notes to Financial Statements
For the Year Ended May 31, 2015

Note 4 – Cash (and cash equivalents) - Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risks (continued)

The Village's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the Village's name	\$ 411,084

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. The Village had \$487,597 in restricted cash at May 31, 2015.

Note 5 – Capital Assets

Capital asset balances and activity for the year ended May 31, 2015 were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Construction in progress	-	-	-	-
Total nondepreciable historical cost	\$ 40,000	\$ -	\$ -	\$ 40,000
Capital assets that are depreciated:				
Site improvements	\$ 989,693	\$ -	\$ -	\$ 989,693
Buildings	1,299,794	-	-	1,299,794
Infrastructure	5,510,316	29,080	-	5,539,396
Machinery and equipment	1,117,095	9,607	-	1,126,702
Total depreciable historical cost	8,916,898	38,687	-	8,955,585
Less accumulated depreciation:				
Site improvements	182,589	31,735	-	214,324
Buildings	288,948	25,865	-	314,813
Infrastructure	2,127,213	104,728	-	2,231,941
Machinery and equipment	1,010,267	23,606	-	1,033,873
Total accumulated depreciation	3,609,017	185,934	-	3,794,951
Net total historical cost	\$ 5,307,881	\$ (147,247)	\$ -	\$ 5,160,634

<p style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2015</p>
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Note 5 – Capital Assets (continued)

Depreciation expense was charged to governmental functions as follows:

General governmental support	\$ 2,526
Public safety	19,548
Culture and recreation	3,183
Transportation	85,608
Home and community service	75,069
	\$ 185,934

Note 6 – Long-term Debt

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

	Beginning Balance	Additions	Refunding/ Reductions	Ending Balance	Amounts Due Within One Year
Government activities:					
Bonds and notes payable:					
General obligation debt:					
5/1/2014 Installment bond	\$3,785,000	\$ -	\$ 86,000	\$ 3,699,000	\$ 87,000
Total long-term liabilities	\$3,785,000	\$ -	\$ 86,000	\$ 3,699,000	\$ 87,000

For its capital project, the Village was granted a \$3,785,000 loan from the United States Department of Agriculture with terms of 2.5% interest per annum maturing August 1, 2048.

<p style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2015</p>
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Note 6 – Long-term Debt (continued)

The following is a summary of maturing debt service requirements:

<u>Fiscal Year Ending May 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 87,000	\$ 91,388	\$ 178,388
2017	88,000	89,200	177,200
2018	93,000	86,938	179,938
2019	94,000	84,600	178,600
2020	94,000	82,250	176,250
2021-2025	482,000	375,676	857,676
2026-2030	518,000	313,076	831,076
2031-2035	545,000	246,463	791,463
2036-2040	580,000	176,252	756,252
2041-2045	610,000	102,026	712,026
2046-2049	508,000	25,402	533,402
Total	<u>\$ 3,699,000</u>	<u>\$ 1,673,271</u>	<u>\$ 5,372,271</u>

Note 7 – Pension Plans

The Village of Cassadaga participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits.

Provisions and Administration:

The New York State Retirement and Social Security Law (NYSRSSL) governs obligations of employers and employees to contribute and pay benefits to employees. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith, State Office Building, Albany, New York 12244.

Funding Policies:

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, and who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions

<p style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2015</p>
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Note 7 – Pension Plans

Funding Policies:

of the payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The Village of Cassadaga is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

YEAR	ERS
2015	\$ 19,488
2014	\$ 14,346
2013	\$ 15,807

The Village's contribution made to the System was equal to 100% of the contributions required for each year.

Note 8 – Contingencies and Commitments

The Village has received grants, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the Village's administration believes disallowances, if any, will be immaterial.

Note 9 – Subsequent Events

Events and transactions which have occurred from May 31, 2015 through December 12, 2015, the date of these financial statements, have been evaluated by management for the purpose of determining whether there were any events that might require disclosure in these financial statements.

REQUIRED SUPPLEMENTARY SCHEDULES

Village of Cassadaga
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
For the Year Ended May 31, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
REVENUES				
Local sources				
Real property taxes	\$ 123,687	\$ 123,687	\$ 123,687	\$ -
Other tax items	1,200	1,200	1,037	(163)
Non-property tax items	115,000	115,000	122,303	7,303
General government	100	100	10	(90)
Health	50	50	70	20
Culture and recreation	500	500	165	(335)
Home and community services	-	-	50	50
Intergovernmental	25,800	25,800	27,019	1,219
Use of money and property	800	800	1,030	230
Licenses and permits	20	20	20	-
Fines and forfeitures	-	-	3,488	3,488
Sale of property and compensation for loss	-	-	599	599
Miscellaneous	-	-	360	360
Total local sources	267,157	267,157	279,838	12,681
State sources	29,500	29,500	38,697	9,197
Total Revenues	296,657	296,657	318,535	21,878
OTHER FINANCING SOURCES				
Appropriated reserves	79,313	79,313	-	
Total Revenues and Other Financing Sources	\$ 375,970	\$ 375,970	\$ 318,535	

See paragraph on supplementary schedules in auditor's report.

Village of Cassadaga
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
For the Year Ended May 31, 2015

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General government support	\$ 114,339	\$ 114,339	\$ 97,834	\$ -	\$ 16,505
Public safety	48,500	48,500	26,680	15,657	6,163
Health	50	50	70	-	(20)
Transportation	118,246	118,246	110,331	-	7,915
Culture and recreation	49,710	49,710	37,582	-	12,128
Home and community services	7,725	7,725	2,500	-	5,225
Employee benefits	37,400	37,400	28,000	-	9,400
Total Expenditures	375,970	375,970	302,997	15,657	57,316
OTHER FINANCING USES					
Transfers to other funds	-	-	-	-	-
Total Expenditures & Other Uses	\$ 375,970	\$ 375,970	302,997	\$ 15,657	\$ 57,316
Net Change in Fund Balance			15,538		
Fund Balance - Beginning			223,734		
Fund Balance - Ending			\$ 239,272		

Village of Cassadaga
Net Investment in Capital Assets
For the Year Ended May 31, 2015

Capital Assets, net		\$ 5,200,634
Add:		
Reserve for debt service	\$ 389,193	
Deduct:		
Short-term portion of bonds payable	(87,000)	
Long-term portion of bonds payable	(3,612,000)	
		(3,309,807)
Net investment in capital assets		\$ 1,890,827

BAHGAT
&
LAURITO-BAHGAT
Certified Public Accountants, P.C.
Providing the Tools for Financial Success

Sham Dean Bahgat, CPA
Louann Laurito-Bahgat, CPA

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

To the Board of Trustees of the
Village of Cassadaga

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Village of Cassadaga as of and for the year ended May 31, 2015, and the related notes to the financial statements, which collectively comprise the Village of Cassadaga's basic financial statements and have issued our report thereon dated December 12, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Cassadaga's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Cassadaga's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Cassadaga's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2015-1 to be a material weakness.

Compliance and Other Matters

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

Village of Cassadaga's Response to Findings

The Village of Cassadaga's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Village of Cassadaga's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Bahgat & Laurito-Bahgat,
Certified Public Accountants, P.C.

December 12, 2015

<p style="text-align: center;">Village of Cassadaga Schedule of Findings & Responses Year Ended May 31, 2015</p>

Section I – Financial Statement Findings

Significant Deficiencies considered Material Weaknesses:

2015-1 – Preparation of Village Financial Statements, Note Disclosures and Adjusting Journal Entries

Condition: The external auditors prepared a draft of the financial statements, proposed adjusting journal entries and note disclosures, which were accepted by the Village for the fiscal year ended May 31, 2015. Some of the adjustments and note disclosures are related to converting to the full accrual method of accounting for GASB 34 reporting purposes.

Criteria: The Village should review and accept all proposed adjusting journal entries, note disclosures and draft of the financial statements.

Effect: In May, 2006, the American Institute of Certified Public Accountants issued Statement on Auditing Standards (SAS) No. 112, Communicating Internal Control Related Matters in an Audit. The standard requires the auditor to communicate significant deficiencies and material weaknesses to management and those charged with governance. The standard considers significant adjusting journal entries and assistance in preparing financial statements and related notes to be indicative of a material weakness in the internal control over financial reporting.

Recommendation: We recommend that while the external auditors may continue providing assistance with the preparation of the financial statements, the Village should continue to review and accept all proposed adjusting journal entries, financial statements and note disclosures.

Village Response: The Village will continue to review and accept all proposed adjusting journal entries, note disclosures and draft of the financial statements.

<p style="text-align: center;">Village of Cassadaga Summary Schedule of Findings and Questioned Costs Year Ended May 31, 2015</p>
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Section II – Summary Schedule of Prior Audit Findings

2014-1 – Preparation of Village Financial Statements, Note Disclosures and Adjusting Journal Entries

Condition: The external auditors prepared a draft of the financial statements, proposed adjusting journal entries and note disclosures, which were accepted by the Village for the fiscal year ended May 31, 2015. Some of the adjustments and note disclosures are related to converting to the full accrual method of accounting for GASB 34 reporting purposes.

Recommendation: We recommend that while the external auditors may continue providing assistance with the preparation of the financial statements, the Village should continue to review and accept all proposed adjusting journal entries, financial statements and note disclosures.

Current Status: The Village continues to review and make modifications if necessary to proposed adjusting journal entries, note disclosures and draft of the financial statements

BAHGAT
&
LAURITO-BAHGAT
Certified Public Accountants, P.C.
Providing the Tools for Financial Success

Sham Dean Bahgat, CPA
Louann Laurito-Bahgat, CPA

December 12, 2015

Mrs. LeeAnn Lazarony, Mayor
Village of Cassadaga

Dear Mrs. Lazarony:

During the course of our audit of the Village's financial statements for the year ended May 31, 2015, we observed the Village's significant accounting policies and procedures and certain business, financial and administrative practices. The purpose of our engagement was to express an opinion on the financial statements, not to provide assurance on internal control.

As part of our examination, we also reviewed the Village's internal accounting controls for the limited purpose of determining the scope of our audit. Therefore, it would not necessarily disclose all weaknesses in the system.

As a result of our observations, we suggest you consider the following:

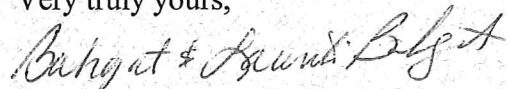
Vendor Payments

During the course of our audit we noted that some vendor invoices, such as professional services, do not include detail as to the services provided. Additionally we noted that 5 of 24 disbursements for the gas credit card were made from statements and had missing detailed receipts for the goods purchased. We recommend that the Village receive a detail billing, including receipts, for all goods and services procured.

We would be happy to further discuss these points with management, perform any follow-up studies, or assist in the implementation of any of these recommendations.

We truly appreciate the outstanding cooperation we received from your staff during the audit of the Village's financial statements.

Very truly yours,



Bahgat & Laurito-Bahgat
Certified Public Accountants, P.C.