

VILLAGE OF CASSADAGA

BASIC FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTARY INFORMATION,
SUPPLEMENTARY INFORMATION, AND
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED MAY 31, 2019



BAHGAT & LAURITO-BAHGAT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

PROVIDING THE TOOLS FOR FINANCIAL SUCCESS

VILLAGE OF CASSADAGA

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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, 2019, 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. 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, 2019, 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 other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

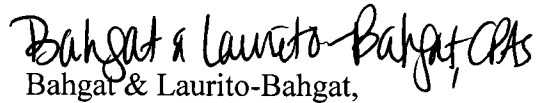
Other Information

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 basic financial statements.

Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 supplementary information 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 May 27, 2020 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.


Bahgat & Laurito-Bahgat,
Certified Public Accountants, P.C.
Fredonia, New York

May 27, 2020

<p style="text-align: center;">Village of Cassadaga Management's Discussion and Analysis For the Year Ended May 31, 2019</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, 2019. 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

Significant capital projects:

The Village did not have any significant capital projects ongoing or completed during the year ended May 31, 2019.

Significant debt issuance:

In January, 2017, the Village paid off their loan with the United States Department of Agriculture (USDA), by refinancing with the Environmental Facilities Corporation (EFC) as a Drinking Water Statutory Installment Bond, with terms of 0% interest, maturing August 1, 2046. During the fiscal year ended May 31, 2019, the Village paid \$126,100 of principal on this installment bond. The principal balance outstanding on the EFC installment bond as of May 31, 2019 was \$3,530,800.

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 principal expense on the EFC installment bond. The Village also charges an annual debt service fee to Job Corp and Lily Dale. For the fiscal year 2018-2019, revenue from debt service charges totaled \$155,040. The proceeds from the debt service fee charged to residents in the water district are used to offset principal expense on the EFC installment bond, leaving a balance of \$219,154 in the "Reserve for Debt Service" account at May 31, 2019.

<p style="text-align: center;">Village of Cassadaga Management's Discussion and Analysis For the Year Ended May 31, 2019</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, 2019.

<p style="text-align: center;">Village of Cassadaga Management's Discussion and Analysis For the Year Ended May 31, 2019</p>

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, 2019</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>		
	(Unaudited)		
	Ending 5/31/19	Ending 5/31/18	Percentage Change
Current and Other Assets	\$ 725,834	\$ 771,528	(5.9)%
Capital Assets	5,006,820	5,138,737	(2.6)%
Total Assets	5,732,654	5,910,265	(3.1)%
Deferred Outflows of Resources	22,518	31,176	(27.8)%
Total Assets and Deferred Outflows of Resources	5,755,172	5,941,441	(3.1)%
Long-Term Debt Outstanding	3,404,700	3,530,800	(3.6)%
Other Liabilities	147,930	142,600	3.7 %
Total Liabilities	3,552,630	3,673,400	(3.3)%
Deferred Inflows of Resources	18,291	31,260	(41.5)%
Total Liabilities and Deferred Inflows of Resources	3,570,921	3,704,660	(3.6)%
Net Position			
Invested in capital assets, net of debt	1,695,174	1,664,173	1.9 %
Restricted	307,678	320,229	(3.9) %
Unrestricted	181,399	252,379	(28.1)%
Total Net Position	\$ 2,184,251	\$ 2,236,781	(2.3)%

<p style="text-align: center;">Village of Cassadaga Management's Discussion and Analysis For the Year Ended May 31, 2019</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>		
	(Unaudited)		
	Fiscal Year	Fiscal Year	Percentage
	Ended	Ended	Change
	5/31/19	5/31/18	
Revenues			
Program revenues			
Charges for services	\$ 302,457	\$ 296,067	2.2%
Operating grants	35,308	35,427	(0.3)%
General revenues			
Property taxes	124,187	124,612	(0.3)%
Other tax items	1,264	778	62.5 %
Non-property tax items	131,946	127,935	3.1 %
Use of money and property	1,309	1,045	25.3 %
Sale of property	3,423	9,000	(62.0)%
Miscellaneous	1,451	588	146.8 %
State aid	7,868	8,813	(10.7)%
Total revenues	609,213	604,265	0.8 %
Expenses			
General government support	107,189	111,461	(3.8)%
Public safety	68,526	53,553	28.0 %
Health	132	103	28.2 %
Transportation	216,984	251,573	(13.7)%
Culture and recreation	30,535	40,901	(25.3)%
Home and community service	238,379	264,712	(9.9)%
Total expenses	661,745	722,303	(8.4)%
Decrease in Net Position	\$ (52,532)	\$ (118,038)	(55.5)%

<p style="text-align: center;">Village of Cassadaga Management's Discussion and Analysis For the Year Ended May 31, 2019</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 of 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 5/31/19	(Unaudited) Fiscal Year Ended 5/31/18	Percentage Change	Fiscal Year Ended 5/31/19	(Unaudited) Fiscal Year Ended 5/31/18	Percentage Change
General government support	\$ 107,189	\$ 111,461	(3.8)%	\$ 104,972	\$ 111,334	(5.7)%
Public safety	68,526	53,553	28.0 %	68,526	53,553	28.0 %
Health	132	103	28.2 %	31	33	(6.1)%
Transportation	216,984	251,573	(13.7)%	181,676	216,146	(15.9)%
Culture and recreation	30,535	40,901	(25.3)%	29,730	39,942	(25.6)%
Home and community service	238,379	264,712	(9.9)%	94,085	125,411	(25.0)%
Debt service	-	-	-	(155,040)	(155,610)	(0.4)%
Totals	\$ 661,745	\$ 722,303	(8.4)%	\$ 323,980	\$ 390,809	(17.1)%

THE VILLAGE'S FUNDS

General Governmental Functions

As of May 31, 2019 the Village's governmental funds reported a combined fund balance of \$725,277. The governmental funds positive balance is due to the completion and permanent financing of the Village's capital project.

<p style="text-align: center;">Village of Cassadaga Management's Discussion and Analysis For the Year Ended May 31, 2019</p>

GENERAL FUND BUDGETARY HIGHLIGHTS

During the 2018-2019 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 \$108,240. The actual expenditures were \$87,132, resulting in a favorable variance of \$21,108. This was due to savings in the costs for building contractual and insurance, as well as mayor contractual, treasurer contractual, and building personnel were all less than the amounts budgeted.
- Public Safety had a final budget of \$50,000. The actual expenditures were \$42,146, resulting in a favorable variance of \$7,854. This was due to less than budgeted costs for fire equipment outlay and contractual expenditures.
- Transportation had a final budget of \$147,350. The actual expenditures were \$172,749, resulting in an unfavorable variance of \$25,399. This was mostly due to a purchase of a dump truck with attachments.
- Culture and recreation had a final budget of \$42,300. The actual expenditures were \$34,804, resulting in a favorable variance of \$7,496. This was due mostly to less than budgeted costs for parks and playground expenditures and less than expected youth program personnel services.
- Home and community services had a final budget of \$26,500. The actual expenditures were \$30,653, resulting in an unfavorable variance of \$4,153. This was mostly due to updating security around the compost pile by installing fencing, barner blocks, and multiple cameras.
- Employee benefits had a final budget of \$29,300. The actual expenditures were \$22,494, resulting in a favorable variance of \$6,806. This was due to less than budgeted unemployment costs, and less than projected State Retirement costs.

**Village of Cassadaga
Management's Discussion and Analysis
For the Year Ended May 31, 2019**

GENERAL FUND BUDGETARY HIGHLIGHTS (CONTINUED)

During the 2018-2019 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 \$121,500. Actual income in this category was \$131,946, resulting in a favorable variance of \$10,446. This was due to receiving more than budgeted from sales tax distribution and franchise fees.
- Intergovernmental revenue had a final budget of \$28,000. Actual income in this category was \$28,845, resulting in a favorable variance of \$845 from a minor increase in the contracted amounts.
- State aid revenue had a final budget of \$42,463. Actual income in this category was \$43,176, resulting in a favorable variance of \$713. This was as a result of an increase in original budget for CHIPS revenue and a slight increase in mortgage tax.

CAPITAL ASSET AND ADMINISTRATION

Capital Assets

At May 31, 2019, the Village had \$5,006,820 various capital assets, net of accumulated depreciation, including land, buildings and improvements, infrastructure, and machinery and equipment.

	Capital Assets at May 31, 2019
Land	\$ 40,000
Buildings and improvements	2,613,290
Infrastructure	5,773,044
Machinery and equipment	1,442,523
	<hr/> 9,868,857
Accumulated depreciation	(4,862,037)
Total	<hr/> <u>\$ 5,006,820</u>

<p style="text-align: center;">Village of Cassadaga Management's Discussion and Analysis For the Year Ended May 31, 2019</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:

- ❖ On June 24, 2011 Chapter 97 of the laws of 2011 was signed into law creating a limit on local government tax levies. Chapter 97 took effect for fiscal years beginning in January 2012. Chapter 97 limits the *tax levy growth factor* to the lesser of 2% or CPI of the adjusted prior year tax levy. The calculation of the adjusted tax levy limit also includes a tax base growth factor, certain exclusions; for example, increases in retirement plan required contributions of 2 percentage points over the previous year's required contribution, and allows for a carryover of the amount under the tax levy limit in the previous fiscal year. The tax cap was made permanent in the 2019-2020 New York State budget. The Village has complied with the Tax Cap for the 2018-2019 fiscal year.
- The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The impact of the situation on the Village and its future results and financial position are not presently determinable.

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, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS	
Cash	
Unrestricted	\$ 375,385
Restricted	307,678
Receivables	
Other	41,458
Due from other governments	1,313
Capital assets, net	5,006,820
Total Assets	5,732,654
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	22,518
Total Deferred Outflows of Resources	22,518
Total Assets and Deferred Outflows of Resources	\$ 5,755,172
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
LIABILITIES	
Payables	
Other	557
Long-term liabilities	
Due and payable within one year	
Installment bonds	126,100
Net pension liability-proportionate share	21,273
Due and payable after one year	
Installment bonds	3,404,700
Total Liabilities	3,552,630
DEFERRED INFLOWS OF RESOURCES	
Pensions	18,291
Total Deferred Inflows of Resources	18,291
NET POSITION	
Net investment in capital assets	1,695,174
Restricted	307,678
Unrestricted	181,399
Total Net Position	2,184,251
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 5,755,172

Village of Cassadaga
Statement of Activities
For the Year Ended May 31, 2019

	Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants	Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
General governmental support	\$ 107,189	\$ 2,217	\$ -	\$ (104,972)
Public safety	68,526	-	-	(68,526)
Health	132	101	-	(31)
Transportation	216,984	-	35,308	(181,676)
Culture and recreation	30,535	805	-	(29,730)
Home and community services	238,379	144,294	-	(94,085)
Debt service	-	155,040	-	155,040
Total Functions and Programs	\$ 661,745	\$ 302,457	\$ 35,308	(323,980)
GENERAL REVENUES				
Real property taxes				124,187
Other tax items				1,264
Non-property tax items				131,946
Use of money and property				1,309
Sale of property and compensation for loss				3,423
Miscellaneous				1,451
State aid				7,868
Total General Revenues				271,448
Change in Net Position				(52,532)
Total Net Position - Beginning of year				2,236,783
Total Net Position - End of year				\$ 2,184,251

Village of Cassadaga
Balance Sheet - Governmental Funds
May 31, 2019

	Major		
	General	Water	Total Governmental Funds
ASSETS			
Cash			
Unrestricted	\$ 190,283	\$ 185,102	\$ 375,385
Restricted	37,393	270,285	307,678
Receivables			
Other	9,051	32,407	41,458
Due from other funds	-	9,051	9,051
Due from other governments	1,313	-	1,313
Total Assets	\$ 238,040	\$ 496,845	\$ 734,885
LIABILITIES			
Payables			
Other	\$ -	\$ 557	\$ 557
Due to other funds	9,051	-	9,051
Total Liabilities	9,051	557	9,608
FUND BALANCES			
Restricted:			
Reserve for equipment	37,393	10,000	47,393
Reserve for debt service		219,154	219,154
Reserve for repairs		41,131	41,131
Assigned	87,868	226,003	313,871
Unassigned	103,728	-	103,728
Total Fund Balances	228,989	496,288	725,277
Total Liabilities and Fund Balances	\$ 238,040	\$ 496,845	\$ 734,885

Village of Cassadaga
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
May 31, 2019

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash - unrestricted	\$ 375,385	\$ -	\$ -	\$ 375,385
Cash - restricted	307,678	-	-	307,678
Other receivables	41,458	-	-	41,458
Due from other funds	9,051	-	(9,051)	-
Due from other governments	1,313	-	-	1,313
Land, buildings and equipment (net)	-	5,006,820	-	5,006,820
Net pension asset-proportionate share	-	-	-	-
Total Assets	\$ 734,885	\$ 5,006,820	\$ (9,051)	\$ 5,732,654
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	-	22,518	-	22,518
Total Deferred Outflows of Resources	-	22,518	-	22,518
Total Assets and Deferred Outflows of Resources	\$ 734,885	\$ 5,029,338	\$ (9,051)	\$ 5,755,172
LIABILITIES				
Installment bonds payable	\$ -	\$ 3,530,800	\$ -	\$ 3,530,800
Other payables	557	-	-	557
Due to other funds	9,051	-	(9,051)	-
Net pension liability-proportionate share	-	21,273	-	21,273
Total Liabilities	9,608	3,552,073	(9,051)	3,552,630
DEFERRED INFLOWS OF RESOURCES				
Pensions	-	18,291	-	18,291
Total Deferred Inflows of Resources	-	18,291	-	18,291
FUND BALANCE/NET POSITION				
Total Fund Balance/Net Position	725,277	1,458,974	-	2,184,251
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	\$ 734,885	\$ 5,029,338	\$ (9,051)	\$ 5,755,172

Village of Cassadaga
Reconciliation of the Balance Sheet
to the Statement of Net Position - Governmental Funds
For the Year Ended May 31, 2019

Fund Balances - total governmental funds		\$ 725,277
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	\$ 9,868,857	
Less accumulated depreciation	(4,862,037)	
Pensions	22,518	
		5,029,338
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.		
Installment bonds payable	(3,530,800)	
Net pension liability-proportionate share	(21,273)	
Pensions	(18,291)	
		(3,570,364)
Net position of governmental activities		\$ 2,184,251

Village of Cassadaga
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended May 31, 2019

	Major		Non-Major	
	General	Water	Capital Projects	Total Governmental Funds
REVENUES				
Real property taxes	\$ 124,187	\$ -	\$ -	\$ 124,187
Other tax items	1,264	-	-	1,264
Non-property tax items	131,946	-	-	131,946
General government	2,197	-	-	2,197
Health	101	-	-	101
Culture and recreation	805	-	-	805
Home and community services	225	-	-	225
Metered water sales	-	115,224	-	115,224
Intergovernmental	28,845	-	-	28,845
Debt service - water	-	155,040	-	155,040
Use of money and property	638	671	-	1,309
Licenses and permits	20	-	-	20
Fines and forfeitures	-	-	-	-
Sale of property and compensation for loss	3,423	-	-	3,423
Miscellaneous	1,451	-	-	1,451
State aid	43,176	-	-	43,176
Total Revenues	338,278	270,935	-	609,213
EXPENDITURES				
General governmental support	87,132	-	-	87,132
Public safety	42,146	-	-	42,146
Health	101	-	-	101
Transportation	172,749	-	-	172,749
Culture and recreation	34,804	-	-	34,804
Home and community service	30,653	118,497	-	149,150
Employee benefits	22,494	20,233	-	42,727
Debt service				
Principal	-	126,100	-	126,100
Interest	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	390,079	264,830	-	654,909
Excess/(Deficiency) of Revenues over Expenditures	(51,801)	6,105	-	(45,696)
Other Financing Sources and (Uses)				
Transfers to other funds	-	-	(1,858)	(1,858)
Transfers from other funds	-	1,858	-	1,858
Total Other Sources (Uses)	-	1,858	(1,858)	-
Excess/(Deficiency) of Revenue and Other Sources Over Expenditures and Other (Uses)	(51,801)	7,963	(1,858)	(45,696)
Fund Balances, Beginning of Year	280,790	488,325	1,858	770,973
Fund Balances, End of Year	\$ 228,989	\$ 496,288	\$ -	\$ 725,277

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, 2019

	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	\$ 124,187	\$ -	\$ -	\$ -	\$ -	\$ 124,187
Other tax items	1,264	-	-	-	-	1,264
Non-property tax items	131,946	-	-	-	-	131,946
General government	2,197	-	-	-	-	2,197
Health	101	-	-	-	-	101
Culture and recreation	805	-	-	-	-	805
Home and community services	225	-	-	-	-	225
Metered water sales	115,224	-	-	-	-	115,224
Intergovernmental	28,845	-	-	-	-	28,845
Debt service - water	155,040	-	-	-	-	155,040
Use of money and property	1,309	-	-	-	-	1,309
Licenses and permits	20	-	-	-	-	20
Fines and forfeitures	-	-	-	-	-	-
Sale of property and compensation for loss	3,423	-	-	-	-	3,423
Miscellaneous	1,451	-	-	-	-	1,451
State aid	43,176	-	-	-	-	43,176
Total Revenues	609,213	-	-	-	-	609,213
EXPENDITURES/EXPENSES						
General governmental support	87,132	-	8,180	-	11,877	107,189
Public safety	42,146	-	25,459	-	921	68,526
Health	101	-	-	-	31	132
Transportation	172,749	-	33,659	-	10,576	216,984
Culture and recreation	34,804	-	(9,462)	-	5,193	30,535
Home and community service	149,150	-	74,081	-	15,148	238,379
Employee benefits	42,727	1,019	-	-	(43,746)	-
Debt service						
Principal	126,100	-	-	(126,100)	-	-
Interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total Expenditures	654,909	1,019	131,917	(126,100)	-	661,745
Excess (Deficiency) of Revenues Over Expenditures	(45,696)	(1,019)	(131,917)	126,100	-	(52,532)
OTHER SOURCES AND USES						
Proceeds from debt	-	-	-	-	-	-
Operating transfers in	(1,858)	-	-	-	1,858	-
Operating transfers (out)	1,858	-	-	-	(1,858)	-
BANs redeemed from appropriations	-	-	-	-	-	-
Total Other Sources (Uses)	-	-	-	-	-	-
Net Change for the Year	\$ (45,696)	\$ (1,019)	\$ (131,917)	\$ 126,100	\$ -	\$ (52,532)

<p style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2019</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 government 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 and sidewalks, brush and leaf pickup, 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, 2019</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 Village reports the following governmental funds:

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.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

<p style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2019</p>
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Note 1 - Summary of Certain Significant Accounting Policies (Continued)

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, state aid, 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 state aid is recognized in the fiscal year it is appropriated by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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. Proceeds of general long-term debt are reported as other financing sources.

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.

<p style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2019</p>
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Note 1 - Summary of Certain Significant Accounting Policies (Continued)

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.

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.

Refer to Note 7 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

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, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenditures 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.

<p style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2019</p>
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Note 1 - Summary of Certain Significant Accounting Policies (Continued)

H. Cash (and cash equivalents)/Investments (Continued)

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.

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.

Land and construction in progress are not depreciated. 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 and improvements	\$5,000	Straight - line	20-40 years
Site improvements	\$5,000	Straight - line	20 years
Machinery and equipment	\$5,000	Straight - line	5-20 years

Village of Cassadaga
Notes to Financial Statements
For the Year Ended May 31, 2019

Note 1 - Summary of Certain Significant Accounting Policies (Continued)

L. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category. The first item is related to pensions reported in the Village-wide Statement of Net Position. This represents the effect of the net change in the Village's proportion of the collective net pension asset or liability and difference during the measurement period between the Village's contributions and its proportion share of total contributions to the pension system not included in pension expense. The second item is the Village contribution to the pension system (NYSERS) subsequent to the measurement date.

M. Other Benefits

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

The Village does not provide any post-employment benefits.

N. 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, 2019.

O. 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 full, and in a timely manner 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.

<p style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2019</p>
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Note 1 - Summary of Certain Significant Accounting Policies (Continued)

P. 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.

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, 2019.

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 Equipment

The equipment reserve is used to establish a reserve for the purpose of paying for fire apparatus and fire equipment, as well as highway equipment.

Reserve for Repairs

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

Village of Cassadaga
Notes to Financial Statements
For the Year Ended May 31, 2019

Note 1 - Summary of Certain Significant Accounting Policies (Continued)

P. Equity Classifications (Continued)

Funds statements (Continued):

Reserve for Debt Service

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

Restricted fund balance includes the following:

General Fund:

Equipment Reserve	\$	37,393
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Water Fund:

Reserve for Repairs		51,131
Reserve for Debt Service		219,154
Total Restricted Funds	\$	307,678

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, 2019.

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 no encumbrances reported in the General Fund and has appropriated \$87,868 to reduce the tax levy. Additionally, the Water Fund has assigned funds of \$226,003.

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 style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2019</p>
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Note 1 - Summary of Certain Significant Accounting Policies (Continued)

Q. New Accounting Standards

The Village has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At May 31, 2019, the Village implemented the following new standard issued by GASB:

GASB Statement No. 83, Certain Asset Retirement Obligations

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements

The implementation of GASB No. 83 and No. 88 had no effect on the May 31, 2019 financial statements.

P. Future Changes in Accounting Standards

The following standards will be implemented when and if applicable in the future:

GASB Statement No. 84, Fiduciary Activities – Effective for the year ending May 31, 2021

GASB Statement No. 87, Leases – Effective for the year ending May 31, 2022

GASB Statement No. 89, Accounting for Interest Cost Incurred before the end of a Construction Period – Effective for the year ending May 31, 2022

GASB Statement No. 91, Conduct Debt Obligations – Effective for the year ending May 31, 2022

GASB Statement No. 93, Replacement of Interbank Offered Rates – Effective for the year ending May 31, 2023

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.

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.

Village of Cassadaga
Notes to Financial Statements
For the Year Ended May 31, 2019

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

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 Balances 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.

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.

4. Pension differences:

Pension differences occur as a result of changes in the Village's proportion of the collective net pension asset/liability and differences between the Village's contributions and its proportionate share of the total contributions to the pension system.

Village of Cassadaga
Notes to Financial Statements
For the Year Ended May 31, 2019

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.

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	\$ 683,063

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 \$307,678 in restricted cash at May 31, 2019.

Village of Cassadaga
Notes to Financial Statements
For the Year Ended May 31, 2019

Note 5 – Capital Assets

Capital asset balances and activity for the year ended May 31, 2019 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	\$ 1,024,799	\$ 47,494	\$ -	\$ 1,072,293
Buildings	1,540,997	-	-	1,540,997
Infrastructure	5,773,044	-	-	5,773,044
Machinery and equipment	1,395,098	47,425	-	1,442,523
Total depreciable historical cost	9,733,938	94,919	-	9,828,857
Less accumulated depreciation:				
Site improvements	139,390	11,471	-	150,861
Buildings	675,229	71,280	-	746,509
Infrastructure	2,597,205	104,526	-	2,701,731
Machinery and equipment	1,223,377	39,559	-	1,262,936
Total accumulated depreciation	4,635,201	226,836	-	4,862,037
Net total historical cost	\$ 5,138,737	\$ (131,917)	\$ -	\$ 5,006,820

Note 5 – Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

General governmental support	\$ 8,180
Public safety	25,459
Culture and recreation	3,848
Transportation	115,268
Home and community service	74,081
	<u>\$ 226,836</u>

Village of Cassadaga
Notes to Financial Statements
For the Year Ended May 31, 2019

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:					
1/5/2017 Installment bond	\$ 3,656,900	\$ -	\$ 126,100	\$ 3,530,800	\$ 126,100
Total long-term liabilities	\$ 3,656,900	\$ -	\$ 126,100	\$ 3,530,800	\$ 126,100

For its capital project, the Village was initially granted a \$3,785,000 loan from the United States Department of Agriculture May 1, 2014, with terms of 2.5% interest per annum maturing August 1, 2048. During the year ended May 31, 2017, the remainder of this loan was refinanced through Environmental Facilities Corporation as a Drinking Water Statutory Installment Bond, with terms of 0% interest, maturing August 1, 2046. An additional amount of \$256,710 was added to the new installment bond during 2017 to complete a methane removal project, bringing the total bond issuance to \$3,780,710.

The following is a summary of maturing debt service requirements:

Fiscal Year Ending May 31,	Principal	Interest	Total
2020	\$ 126,100	\$ -	\$ 126,100
2021	126,100	-	126,100
2022	126,100	-	126,100
2023	126,100	-	126,100
2024	126,100	-	126,100
2025-2029	630,500	-	630,500
2030-2034	630,500	-	630,500
2035-2039	630,500	-	630,500
2040-2044	630,500	-	630,500
2045-2047	378,300	-	378,300
Total	\$ 3,530,800	\$ -	\$ 3,530,800

Village of Cassadaga
Notes to Financial Statements
For the Year Ended May 31, 2019

Note 7 – Interfund Transactions – Governmental Funds

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	\$ 9,051	\$ -	\$ -	\$ -
Water Fund	-	9,051	1,858	-
Capital Fund	-	-	-	1,858
Total Government Activities	9,051	9,051	1,858	1,858
Fiduciary	-	-	-	-
Totals	\$ 9,051	\$ 9,051	\$ 1,858	\$ 1,858

Note 8 – 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 offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

Provisions and Administration:

ERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Village also participates in the Public Employees' Group Term Life Insurance Plan (GTLI), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

<p style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2019</p>
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Note 8 – Pension Plans (Continued)

Funding Policies:

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale.

For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The Village paid 100% of the required contributions as billed by the ERS for the current year and each of the two preceding years.

The Village's share of the required contributions, based on covered payroll paid for the Village's year ended May 31, 2019 was \$15,590.

Since 1989, the ERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability, which the Village exercised. As a result, the total unpaid liability at the end of the year was \$0.

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

At May 31, 2019, the Village reported the following (asset)/liability for its proportionate share of the net pension (asset)/liability for the System. The net pension (asset)/liability was measured as of March 31, 2019. The total pension (asset)/liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation. The Village's proportion of the net pension (asset)/liability was based on a projection of the Village's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS System in reports provided to the Village.

<p style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2019</p>
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Note 8 – Pension Plans (Continued)

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	<u>ERS</u>
Measurement date	March 31, 2019
Village's proportionate share of the net pension (asset)/liability	\$ 21,273
Village's portion of the Plan's total net pension (asset)/liability	.0003002%
Change in proportion since the prior measurement date	\$ 5,330

For the year ended May 31, 2019, the Village's recognized pension expense of \$16,607 for ERS. At May 31, 2019, the Village's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources <u>ERS</u>	Deferred Inflows of Resources <u>ERS</u>
Differences between expected and actual experience	\$ 4,189	\$ 1,428
Changes of assumptions	5,347	-
Net difference between projected and actual earnings on pension plan investments	-	5,460
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	12,982	11,403
Village's contributions subsequent to the measurement date	-	-
Total	<u>\$ 22,518</u>	<u>\$ 18,291</u>

<p style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2019</p>
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Note 8 – Pension Plans (Continued)

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Village contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending May 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended March 31,	<u>ERS</u>
2020	\$ 5,847
2021	(3,228)
2022	89
2023	1,520
2024	-
Thereafter	<u>-</u>
	<u>\$ 4,228</u>

Actuarial Assumptions

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

	<u>ERS</u>
Measurement date	March 31, 2019
Actuarial valuation date	April 1, 2018
Interest rate	7.0%
Salary scale	4.2%
Decrement tables	April 1, 2010- March 31, 2015 System's Experience
Inflation rate	2.5%
Cost of living adjustments	1.3%

<p style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2019</p>
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Note 8 – Pension Plans (Continued)

Actuarial Assumptions (Continued)

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement date	ERS	
	March 31, 2019	
<u>Asset Class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	36 %	4.55 %
International equity	14	6.35
Private equity	10	7.50
Real estate	10	5.55
Absolute return strategies (1)	2	3.75
Opportunistic portfolio	3	5.68
Real assets	3	5.29
Bonds and mortgages	17	1.31
Cash	1	(.25)
Inflation-indexed bonds	4	1.25
Total	<u>100 %</u>	

<p style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2019</p>
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Note 8 – Pension Plans (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 7% for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following represents the Village's proportionate share of the net pension liability calculated using the discount rate of 7% for ERS, as well as what the Village's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0% for ERS) or 1 percentage point higher (8.0% for ERS) than the current rate:

<u>ERS</u>	<u>1% Decrease (6.0%)</u>	<u>Current Assumption (7.0%)</u>	<u>1% Increase (8.0%)</u>
Village's proportionate Share of the net pension (asset)/liability	\$ 93,007	\$ 21,273	\$ (38,989)

Pension Plan Fiduciary Net Position

The components of the current-year net pension (asset)/ liability of the employers as of the respective measurement dates, were as follows:

	ERS <u>(Dollars in Thousands)</u>
Measurement date	March 31, 2019
Employer's total pension liability	\$ 189,803,429
Plan fiduciary net position	<u>\$ 182,718,124</u>
Employers' net pension (asset)/liability	<u>\$ 7,085,305</u>
Ratio of plan fiduciary net position to the Employers' total pension liability	96.27%

<p style="text-align: center;">Village of Cassadaga Notes to Financial Statements For the Year Ended May 31, 2019</p>
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Note 8 – Pension Plans (Continued)

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year, which ends on March 31st. Accrued retirement contributions as of May 31, 2019 represent the projected employer contribution for the period of April 1, 2019 through May 31, 2019 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of May 31, 2019 amounted to \$0 of employer contributions. Employee contributions are remitted monthly.

Note 9 – 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 10 -Tax abatements

The Village negotiates property tax abatement agreements on an individual basis. The Village has no tax abatement agreements as of May 31, 2019.

Note 11 – Subsequent Events

The Village has reviewed events and transactions that occurred between May 31, 2019 and May 27, 2020, which is the date the financial statements were available to be issued. The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The impact of the situation on the Village and its future results and financial position are not presently determinable.

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, 2019

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
REVENUES				
Local sources				
Real property taxes	\$ 124,187	\$ 124,187	\$ 124,187	\$ -
Other tax items	1,000	1,000	1,264	264
Non-property tax items	121,500	121,500	131,946	10,446
General government	100	100	2,197	2,097
Health	100	100	101	1
Culture and recreation	-	-	805	805
Home and community services	-	-	225	225
Intergovernmental	28,000	28,000	28,845	845
Use of money and property	500	500	638	138
Licenses and permits	20	20	20	-
Sale of property and compensation for loss	-	-	3,423	3,423
Miscellaneous	-	-	1,451	1,451
Total local sources	275,407	275,407	295,102	19,695
State sources	42,463	42,463	43,176	713
Total Revenues	317,870	317,870	338,278	20,408
OTHER FINANCING SOURCES				
Appropriated reserves	105,920	105,920		
Total Revenues and Other Financing Sources	\$ 423,790	\$ 423,790	\$ 338,278	

See paragraph on required 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, 2019

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General government support	\$ 108,240	\$ 108,240	\$ 87,132	\$ -	\$ 21,108
Public safety	50,000	50,000	42,146	-	7,854
Health	100	100	101	-	(1)
Transportation	147,350	147,350	172,749	-	(25,399)
Culture and recreation	42,300	42,300	34,804	-	7,496
Home and community services	26,500	26,500	30,653	-	(4,153)
Employee benefits	29,300	29,300	22,494	-	6,806
Total Expenditures	403,790	403,790	390,079	-	13,711
OTHER FINANCING USES					
Transfers to other funds	20,000	20,000	-	-	20,000
Total Expenditures & Other Uses	\$ 423,790	\$ 423,790	390,079	\$ -	\$ 33,711
Net Change in Fund Balance			(51,801)		
Fund Balance - Beginning			280,790		
Fund Balance - Ending			\$ 228,989		

See paragraph on required supplementary schedules in auditor's report.

**Village of Cassadaga
Schedule of Contributions
For the Year Ended May 31, 2019**

NYSLRS Pension Plan
Last 10 Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	15,588	15,112	12,798	14,072	19,487	\$14,346	\$15,808	n/a	n/a	n/a
Contributions in relation to the contractually required contribution	15,588	15,112	12,798	14,072	19,487	\$14,346	\$15,808	n/a	n/a	n/a
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	142,762	138,730	119,326	108,878	116,092	120,669	\$109,530	n/a	n/a	n/a
Contributions as a percentage of covered-employee payroll	11%	11%	11%	13%	17%	12%	14%	n/a	n/a	n/a

Village of Cassadaga
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended May 31, 2019

NYSLRS Pension Plan
 Last 10 Fiscal Years

Measurement Date	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014	-	-	-	-
Proportion of the Net Position liability/(asset)	.0003002%	.0004940%	.0002477%	.0002640%	.0002724%	.0002724%	n/a	n/a	n/a	n/a
Proportionate Share of the Net Position liability	21,273	15,943	23,270	42,372	9,202	12,309	n/a	n/a	n/a	n/a
Covered-employee Payroll	142,762	138,730	119,326	108,878	116,092	120,669	n/a	n/a	n/a	n/a
Proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	14.90%	11.49%	19.50%	38.92%	7.93%	10.20%	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.70%	97.90%	n/a	n/a	n/a	n/a	n/a

SUPPLEMENTARY INFORMATION

Village of Cassadaga
Net Investment in Capital Assets
For the Year Ended May 31, 2019

Capital Assets, net		\$ 5,006,820
Add:		
Reserve for debt service	\$ 219,154	
Deduct:		
Short-term portion of bonds payable	(126,100)	
Long-term portion of bonds payable	(3,404,700)	
		(3,311,646)
Net investment in capital assets		\$ 1,695,174



**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 Village of Cassadaga, as of and for the year ended May 31, 2019, and the related notes to the financial statements, which collectively comprise Village of Cassadaga's basic financial statements and have issued our report thereon dated May 27, 2020.

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.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control as described in the accompanying schedule of findings and responses that we consider to be a material weakness, as item 2019-1.

Compliance and Other Matters

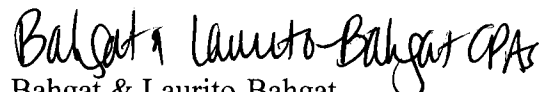
As part of obtaining reasonable assurance about whether the Village of Cassadaga's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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

Village of Cassadaga's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. 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.
Fredonia, New York

May 27, 2020

<p style="text-align: center;">Village of Cassadaga Schedule of Findings & Responses Year Ended May 31, 2019</p>

Section I – Financial Statement Findings

Significant Deficiencies considered Material Weaknesses:

2019-1 – 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, 2019. 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, 2009, the American Institute of Certified Public Accountants issued Statement on Auditing Standards (SAS) No. 115, Communication of 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.