

OFFICIAL STATEMENT

RENEWAL ISSUE

BOND ANTICIPATION NOTES

*In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, subject to continuing compliance by the Village of Cassadaga, Chautauqua County, New York (the "Village") with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Notes is (A) excluded from gross income of the Owners thereof for federal income tax purposes under existing law, and (B) exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Moreover, interest on the Notes is not an "item of tax preference" for purposes the individual and corporate alternative minimum taxes imposed by the Code.*

*The Notes will be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code. (See the caption "TAX EXEMPTION" herein for a discussion of certain federal taxes applicable to corporate owners of the Notes).*

**\$3,000,000**

**VILLAGE OF CASSADAGA  
CHAUTAUQUA COUNTY, NEW YORK  
GENERAL OBLIGATIONS**

**\$3,000,000 Bond Anticipation Notes, 2010 (Renewal)  
(Designated/Bank Qualified)**

(the "Notes")

**Dated: August 13, 2010**

**Due: August 12, 2011**

The Notes will constitute general obligations of the Village of Cassadaga, Chautauqua County, New York (the "Village"). The Village has pledged its faith and credit for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from *ad valorem* taxes which may be levied upon all the taxable real property within the Village, without limitation as to rate or amount. Without impairing in any way the Village's pledge of its full faith and credit referred to above, it is the Village's stated intention that the first source of funding for debt service, operations and maintenance and other costs associated with the water system project being financed in part by the Notes will be the payments that the Village anticipates receiving from the users of such system pursuant to water rate schedules that will be established by the Village from time to time.

The Notes will be issued as registered notes, and, at the option of the purchaser, may be registered to The Depository Trust Company ("DTC" or the "Securities Depository") or may be registered in the name of the purchaser(s).

The Notes will **NOT** be subject to redemption, in whole or in part, prior to their maturity.

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

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

Interest on the Notes will be calculated on a 30-day month and a 360-day year basis, and will be payable at maturity.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the unqualified legal opinion as to the validity of the Notes of Hodgson Russ LLP, Bond Counsel, of Buffalo, New York. It is anticipated that the Notes will be available for delivery on or about August 13, 2010.

July 27, 2010

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

**VILLAGE OF CASSADAGA**  
**CHAUTAUQUA COUNTY, NEW YORK**

**VILLAGE OFFICIALS**

LEE ANN LAZARONY  
Mayor

RUDY ABERSOLD  
Deputy Mayor

TRUSTEES

RODNEY WAITE  
JEFFREY FRICK  
MICHAEL LEHNEN

\* \* \* \* \*

ROXANNE ASTRY  
Village Clerk Treasurer

SEAMAN, JONES, HOGAN & BROOKS, LLP  
Village Attorney

FISCAL ADVISORS & MARKETING, INC.  
Village Financial Advisor

HODGSON RUSS LLP  
Village Bond Counsel

No person has been authorized the Village to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Village.

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**OFFICIAL STATEMENT**

of the

**VILLAGE OF CASSADAGA**  
**CHAUTAUQUA COUNTY, NEW YORK**

**Relating To**

**\$3,000,000 Bond Anticipation Notes, 2010**

This Official Statement, which includes the cover page, has been prepared by the Village of Cassadaga, Chautauqua County, New York (the "Village," "County," and "State," respectively), in connection with the sale by the Village of \$3,000,000 Bond Anticipation Notes, 2010 (the "Notes").

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

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

**DESCRIPTION OF THE NOTES**

The Notes will be dated and will mature, as stated on the cover page herein, with interest payable at maturity at the annual rate or rates specified by the purchaser(s).

The Notes will constitute general obligations of the Village. The Village has pledged its faith and credit for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from *ad valorem* taxes which may be levied upon all the taxable real property within the Village, without limitation as to rate or amount. Without impairing in any way the Village's pledge of its full faith and credit referred to above, it is the Village's stated intention that the first source of funding for debt service, operations and maintenance and other costs associated with the water system project being financed in part by the Notes will be the payments that the Village anticipates receiving from the users of such system pursuant to water rate schedules that will be established by the Village from time to time.

The Notes will be issued in registered form either (i) in the name of the purchaser(s), in which case principal of and interest on the Notes will be payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "Book-Entry-Only System" herein. One fully-registered note certificate will be issued for all Notes of a particular issue bearing the same rate of interest and CUSIP number. Purchasers will not receive certificates representing their interest in the Notes. Principal and interest will be paid in lawful money of the United States of America (Federal Funds) by the District directly to the registered owner or to DTC for its nominee, Cede & Co.

## **Book-Entry-Only System**

The DTC will act as securities depository for the Notes, if issued in registered form. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each Note bearing the same rate of interest and CUSIP number.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment, principal and interest to DTC is the responsibility of the Village, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company.

### **Certificated Notes**

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

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

### **Purpose of Issue**

The Notes are being issued pursuant to the Constitution and statutes of the State including among others, the Village Law, the Local Finance Law and a bond resolution adopted by the Board of Trustees of the Village on December 3, 2008, authorizing the issuance of serial bonds to finance the construction and reconstruction of the Village water system.

On April 14th, 2009, USDA Rural Development, Bath N.Y. Service Center provided the Village's Mayor, LeAnne Lazarony, with a formal Letter of Conditions (L.O.C.), outlining the terms of a \$5,000,000 Long Term Financing Obligation at 2.625% (Fixed) over a term of 38 years, upon Substantial Completion of the described construction and reconstruction of the Village Water System in compliance with the USDA Regulations provided as part of this April 14th, 2009 LOC (Letter of Conditions).

The proceeds of the Notes will be used to redeem and renew, in full, bond anticipation notes maturing August 13, 2010 for the aforementioned purpose.

## **THE VILLAGE**

### **General Information**

The Village of Cassadaga (incorporated in 1921) is located in the Town of Stockton, Chautauqua County in the Southern Tier area of the State. The Village encompasses an area of 1.1 square miles and has a population of approximately 626 (2009 U.S. Census). NYS Route 60 passes through the Village and intersects with Route 20. The NYS Thruway is approximately 10 miles to the north of the Village. The Village is primarily a rural residential area.

### **Larger Employers**

Larger employers within the Village or in close proximity are as follows:

<u>Name of Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Cassadaga Valley CSD	Public Education	50
Frederickson Builders	Lumber Store	10
American Legion Post 1280	Veterans Organization	10
Cassadaga Country Club	Golf Course	8
May's Place	Tavern/Restaurant	8
Dr. Tat Sum Lee	Medical Office	8
Cassadaga Post Office.	Post Office	6
Kwik Fill	Gas Station/Mini Mart	6
Nordy's	Pizza/Deli	5
Cassadaga Branch Library	Library	5

## Wealth and Income Indicators

Per capita income statistics are available for the Village, Town, County and State. Listed below are select figures from the 1990, 2000 and 2008 Census reports.

	<u>Per Capita Income</u>			<u>Median Household Income</u>		
	<u>1990</u>	<u>2000</u>	<u>2008</u> *	<u>1990</u>	<u>2000</u>	<u>2008</u> *
Village of:						
Cassadaga	\$ 12,281	\$ 20,361	\$ N/A	\$ 24,950	\$ 43,359	\$ N/A
Town of:						
Stockton	9,756	17,717	N/A	24,156	39,423	N/A
County of:						
Chautauqua	11,287	16,840	21,041	24,183	33,458	49,109
State of:						
New York	16,501	23,389	30,804	32,965	43,393	67,229

\* The estimates represent the average characteristics of population and housing between January 2006 and December 2008 and do not represent a single point in time. Data for the Village and Town is not available as of the date of this Official Statement.

## Form of Village Government

As prescribed by Village Law, the chief executive officer of the Village is the Mayor who is elected for a term of four years and is eligible to succeed himself/herself. He/She is also a member of the Board of Trustees. In addition to the Mayor, there are four Trustees who are elected for four-year terms. The terms are staggered so that the Mayor and two Trustees run for elections to be held biennially, in the odd numbered years.

The Mayor, subject to approval by the Board of Trustees, appoints the Village Clerk/Treasurer, all department heads and non-elected officials. The Village Treasurer is the chief fiscal officer of the Village. The Treasurer maintains custody of all Village funds and issues all checks.

## Budgetary Procedure

The budget officer along with the Village Board of Trustees prepares a preliminary budget each year and a public hearing is held thereon. Subsequent to the public hearing revisions, if any, are made and the budget is then adopted by the Village Board of Trustees by the end of April.

## Investment Policy

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

The Village is in compliance with the above permitted investments.

## **State Aid**

The Village receives financial assistance from the State. In its budget for the current fiscal year, approximately 10.6% of the revenues of the Village are estimated to be received in the form of State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Village, in any year, the Village may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner (as has been the case this year), municipalities and school districts in the State, including the Village, may be affected by a delay in the payment of State aid.

The subprime mortgage crisis and various events growing out of it created massive disruptions in the U.S. and global credit and securities markets, and the health of those markets was impaired to the point when significant governmental intervention was deemed necessary. These developments have had significant adverse effects on the finances of New York State, on which the Village depends for State aid. The exact long-term impact on the Village cannot be predicted, but it will in all likelihood continue to be negative, and could persist for a significant period of time.

The State is not constitutionally obligated to maintain or continue State aid to the Village. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Village requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also "MARKET AND RISK FACTORS").

## **Employees**

The Village currently employs approximately 12 employees (including elected and part-time). The Village employees are not represented by collective bargaining agents.

## **Pension Payments**

Substantially all employees of the Village are members of the New York State and Local Employees' Retirement System ("ERS"). The Retirement System is a cost sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement 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 benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976, with less than 10 years service, must contribute 3% of gross annual salary toward the cost of retirement programs.

On December 10, 2009, Governor Patterson signed a new Tier V into law. The law is effective for new ERS hires beginning on January 1, 2010. New ERS employees will now contribute 3 percent of their salaries. There is no provision for these contributions to cease after a certain period of service.

For 2009, the appropriation for payments to ERS was \$7,383. For 2010, the appropriation for payments to ERS was \$6,084. In the budget for 2011, the appropriation for payments to ERS is \$10,775.

Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

On May 30, 2009, Comptroller DiNapoli released a preliminary estimate that the rate of return for the Fund was a negative 26.3% for the fiscal year ended March 31, 2009. DiNapoli said that the market downturn would require higher employer pension contributions rates in future years and he announced proposed legislation that is intended to give State and local employers an option to manage those expected increases. It is not possible at this time to determine whether such proposed legislation will be enacted into law.

On September 3, 2009, the New York State Comptroller's announced the employer contribution rates for the ERS will increase in 2011. The impact of the global recession on the \$116.5 billion New York State Common Retirement Fund will drive the average ERS rate up to 11.9% (up from 7.4% in 2010). The average TRS rate is expected to be between 8.5% and 9.0% (up from 6.19% in 2010). These rates are on par with the rates from 2007, 2008 and 2009 when ERS rates were 10.7%, 9.6% and 8.5%, respectively, and TRS were 7.6%, 8.7% and 8.6%, respectively.

The investment of monies, and assumptions underlying same, of the Retirement Systems covering the Village's employees is not subject to the direction of the Village. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the School District which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

While the Village is aware of the potential negative impact on its budget and will take the appropriate steps to budget accordingly for the increase, there can be no assurance that its financial position will not be negatively impacted.

**Post Employment Health Care Benefits**

There is now an accounting rule that will require governmental entities, such as the Village, to account for employment healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), described below, requires such accounting. Although GASB 45 encourages earlier adoption, implementation is required by the following dates, based on the size of government measured by annual revenue:

<b>Annual Revenue</b>	<b>Effective for Fiscal Year Beginning After:</b>
Greater than \$100 million	December 15, 2006
Between \$10 million and \$100 million	December 15, 2007
Less than \$10 million	December 15, 2008

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 45 will require municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC.

The Village does not plan to hire an actuary to provide OPEB calculations because the Village does not provide post-employment benefits.

**Unemployment Rate Statistics**

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

	<u>Annual Average</u>						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Chautauqua County	5.8%	5.5%	4.9%	4.6%	4.5%	5.5%	8.3%
New York State	6.4%	5.8%	5.0%	4.6%	4.5%	5.3%	8.4%

	<u>2010 Monthly Figures</u>						
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>June</u>	<u>July</u>
Chautauqua County	10.0%	9.9%	9.2%	8.5%	8.0%	7.9%	N/A
New York State	9.4%	9.2%	8.8%	8.1%	8.0%	8.2%	N/A

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

**Other Information**

The statutory authority for the power to spend money for the objects or purposes, or to accomplish the objects or purposes, for which the Notes are to be issued is the Village Law and the Local Finance Law.

No principal or interest upon any obligation of the Village is past due.

The fiscal year of the Village is June 1st to May 31st.

The procedure for the validation of the Notes provided in Title 6 of Article 2 of the Local Finance Law has been complied with prior to the issuance of the Notes.

This Official Statement does not include the financial data of any other political subdivision having power to levy taxes within the Village.

**Financial Statements and Accounting Procedures**

The Village maintains its financial records in accordance with the Uniform System of Accounts for Villages, as prescribed by the State Comptroller. The Village's financial records are subject to audit by the New York State Department of Audit and Control.

**TAX INFORMATION**

**Valuations**

<u>Years Ending May 31:</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Taxable Assessed Valuation	\$ 26,007,927	\$ 26,913,895	\$ 27,456,681	\$ 27,776,698	\$ 27,704,865	\$ 27,769,026
New York State Equalization Rate	100.00%	100.00%	100.00%	100.00%	97.50%	95.00%
Full Valuation	\$ 26,007,927	\$ 26,913,895	\$ 27,456,681	\$ 27,776,698	\$ 28,415,246	\$ 29,230,554

**Tax Rate Per \$1,000 (Assessed)**

<u>Years Ending May 31:</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
	\$ 5.35	\$ 5.15	\$ 5.10	\$ 5.00	\$ 4.90	\$ 4.80

**Tax Collection Record**

<u>Years Ending May 31:</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Total Tax						
Levy	\$ 136,855	\$ 139,454	\$ 139,467	\$ 140,177	\$ 138,883	\$ 135,754
Uncollected <sup>(1)</sup>	8,030	5,819	5,220	8,654	8,237	8,062
% Uncollected	5.87%	4.17%	3.74%	6.17%	5.93%	5.94%

The Total Tax Levy for the Fiscal Year Ending May 31, 2011 is \$133,291.

<sup>(1)</sup> Uncollected taxes include all funds. The total tax levy above is for the General Fund only.

**Tax Collection Procedure**

Village real property taxes are levied on June 1 each year and are due and payable during the month of June without penalty. A penalty of 5% is added for the first month delinquent, with an additional 1% added for each month and fraction thereof thereafter until unpaid taxes are returned to the County on October 1<sup>st</sup>. The County reimburses the Village for all uncollected taxes in April of the year following the year of levy, thereby assuring the Village of 100% collection. Delinquent taxes are added to County/Town tax bills and eventually enforced by the County.

**Larger Taxpayers-2010-2011 Assessment Roll**

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
National Grid	Utility	\$ 1,125,621
National Fuel	Utility	391,998
Frederickson Builders	Lumber Store	362,200
Rodney Waite	Private	350,800
Sean Seibert	Private	330,300
Peter George	Private	310,000
Cassadaga Country Club	Golf Course	294,000
Ronald Gross	Private	269,000
Red House	Private	256,800
David Krempa	Private	220,000

The larger taxpayers, listed above, have a total assessed valuation of \$3,910,719 which represents 14.08% of the tax base of the Village.

**Constitutional Tax Margin**

Computation of Constitutional Tax Margin for fiscal years ending May 31, 2009, 2010 and 2011:

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Five-Year Average Full Valuation .....	\$ 26,770,464	\$ 27,314,089	\$ 27,958,615
2% of Five-Year Average Full Valuation.....	535,409	546,282	559,172
Total Additions .....	<u>0</u>	<u>0</u>	<u>0</u>
Total Taxing Power .....	\$ 535,409	\$ 546,282	\$ 559,172
Tax Levy Subject to Tax Limit.....	114,108	7,294	0
Constitutional Tax Margin.....	<u>\$ 421,301</u>	<u>\$ 538,988</u>	<u>\$ 559,172</u>

## **Additional Information**

Real property in the Village is assessed by the Town of Stockton Assessor. The Town Assessor retains the right to challenge all assessments.

Senior citizens' exemptions are offered to those who qualify with income of \$16,000 or less.

Total assessed valuation of the Village is estimated to be categorized as follows: Residential-87%, Commercial-8%, Public Utilities – 4%, Agricultural and Other Property – 1%.

The total property tax bill of a typical residence in the Village with a market value of \$65,000 is estimated to be \$2,514 including County, Town and School District taxes.

## **STATUS OF INDEBTEDNESS**

### **Constitutional Requirements**

The New York State Constitution limits the power of the Village (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations in summary form, and as generally applicable to the Village and the Notes include the following:

*Purpose and Pledge.* Subject to certain enumerated exceptions, the Village shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The Village may contract indebtedness only for a Village purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

*Payment and Maturity.* Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the Board of Trustees authorizes the issuance of Notes with substantially level or declining annual debt service. The Village is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial Notes and such required annual installments on its notes.

*Debt Limit.* The Village has the power to contract indebtedness for any Village purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed seven per centum of the average full valuation of taxable real estate of the Village and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities, cash or appropriations for current debt service and certain “self-liquidating” indebtedness for which an exclusion has been obtained from the New York State Comptroller (the Notes are included in the latter category). The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

### **Statutory Procedure**

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

Pursuant to the Local Finance Law, the Village authorizes the issuance of Notes by the adoption of a bond resolution approved by at least two-thirds of the members of the Board of Trustees, the finance board of the Village. Customarily, the Board of Trustees has delegated to the Village Treasurer, as chief fiscal officer of the Village, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

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

- (1) (a) Such obligations are authorized for a purpose for which the Village is not authorized to expend money, or
- (2) If the provisions of law which should be complied with as of the date of publication of the notice were not substantially complied with, and an action, suit or proceeding contesting of such validity is commenced within 20 days after the date of such publication of the notice; or
- (3) Such obligations are authorized in violation of the provisions of the Constitution of New York.

Except on rare occasions the Village complies with this estoppel procedure, and it has done so with respect to the bond resolution under which the Notes are being issued. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

The Board of Trustees, as the finance board of the Village, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may, and generally does, delegate the power to sell the obligations to the Village Treasurer, the chief fiscal officer of the Village, pursuant to the Local Finance Law.

Statutory law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such renewals do not exceed five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

In general, the Local Finance Law contains provisions providing the Village with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget notes (see "Details of Outstanding Indebtedness" herein).

**Debt Outstanding End of Fiscal Year**

<u>Fiscal Years Ending May 31:</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Bonds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Bond Anticipation Notes	0	0	0	0	3,000,000
Revenue Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,000,000</u>

**Details of Outstanding Indebtedness**

The following table sets forth the indebtedness of the Village evidenced by serial bonds and notes as of July 12, 2010

<u>Bonds</u>	<u>Maturity</u>	<u>Amount Outstanding</u>
	N/A	\$ 0
 <u>Bond Anticipation Notes</u>		
Water System improvements	August 13, 2010	<u>3,000,000</u>
	Total Indebtedness	<u>\$ 3,000,000</u>

**Debt Statement Summary**

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin evidenced by bonds and notes as of July 12, 2010:

Five-Year Average Full Valuation ..... \$ 27,958,615  
Debt Limit - 7% thereof..... 1,957,103

Inclusions:

Bonds ..... \$ 0  
Bond Anticipation Notes..... 3,000,000  
Total Inclusions..... \$ 3,000,000

Exclusions: <sup>(1) (2)</sup>

Water Indebtedness..... \$ 3,000,000  
Appropriations ..... 0  
Total Exclusions..... \$ 3,000,000

Total Net Indebtedness ..... \$ 0

Net Debt-Contracting Margin..... \$ 1,957,103

The percent of debt contracting power exhausted is ..... 0%

(1) Water debt is excluded pursuant to the Local Finance Law.

(2) Appropriations and revenue obligations are excluded pursuant to Section 136.00 of the Local Finance Law.

**Bonded Debt Service**

The Village currently does not have any long term bonded debt outstanding.

**Other Obligations**

The Village currently has two lease purchase agreements outstanding. The Village issued, a lease agreement in the amount of \$113,532 on April 13, 2007 for a fire pumper. Principal payments in the amount of \$24,774.61 are made annually through July 1, 2011. The Village also issued a lease agreement for a Caterpillar wheel loader on November 19, 2008. Payments will be made annually in the amount of \$11,028.14 beginning on January 22, 2010. The last payment is scheduled to be made on January 22, 2012 in the amount of \$11,029.14.

**Cash Flow Borrowings**

The Village has not found it necessary to issue revenue anticipation notes or tax anticipation notes in the past.

**Capital Project Plans**

There are no additional projects authorized nor are any contemplated at this time.

**Overlapping Indebtedness**

In addition to the Village, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the Village. The estimated outstanding indebtedness of such political subdivisions as of the fiscal year ending 2009 for each municipality is as follows:

<u>Unit</u>	<u>Outstanding Indebtedness</u>	<u>Exclusions</u> <sup>(1)</sup>	<u>Net Indebtedness</u>	<u>Approximate % Within Village</u>	<u>Applicable Net Indebtedness</u>
County of:					
Chautauqua	\$ 40,231,565	\$ 2,097,565 <sup>(2)</sup>	\$38,134,000	.49%	\$ 186,857
School District:					
Cassadaga Valley CSD	14,606,771	14,256,208 <sup>(3)</sup>	350,563	12.5%	<u>43,820</u>
				<b>Total</b>	<b>\$ 230,677</b>

- <sup>(1)</sup> Pursuant to applicable constitutional and statutory provisions, this indebtedness is deductible from gross indebtedness for debt limit purposes.
- <sup>(2)</sup> Sewer and water indebtedness and appropriations.
- <sup>(3)</sup> State Building aid.

**Debt Ratios**

The following table sets forth certain ratios relating to the Village's net indebtedness as of July 12, 2010:

	<u>Amount</u>	<u>Per Capita</u> (a)	<u>Percentage of Full Value</u> (b)
Net Indebtedness (see Computation of Debt Limit) .....	0	0.00	0.00%
Net Plus Net Overlapping Indebtedness (c).....	230,677	368.49	0.79%

- (a) According to the 2009 U.S. Census estimate, the population of the Village is 626.
- (b) The Village's full value of taxable real estate for 2010-2011 is \$29,230,554.
- (c) The Village's estimated applicable share of net underlying indebtedness is \$280,284. (See "Estimated Overlapping Indebtedness" herein).

**SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT**

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

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

The Federal Bankruptcy Code allows public bodies recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

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

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village

with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Village.

### **MATERIAL EVENT NOTICES**

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

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions or events affecting the tax-exempt status of the Notes
- (g) modifications to rights of Noteholders
- (h) bond calls
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Notes
- (k) rating changes

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

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

An "Undertaking to Provide Notice of Material Events" to this effect shall be provided to the purchaser(s) at closing.

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

## MARKET AND RISK FACTORS

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

The Village is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the Village, in any year, the Village may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the Village. (See also "State Aid").

## TAX EXEMPTION

In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, under existing law, the interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes, and is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes imposed by the Internal Revenue Code of 1986, as amended (the "Code"). However, it should be noted that (1) the Village, by failing to comply with certain restrictions contained in the Code may cause interest on the Notes to become subject to federal income taxation from the date of issuance of the Notes and (2) interest on the Notes earned by foreign corporations doing business in the United States could be subject to the branch profits tax imposed by Section 884 of the Code. Interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

In rendering the foregoing opinions, Hodgson Russ LLP noted that the exclusion of the interest on the Notes from gross income for federal income tax purposes is subject to, among other things, continuing compliance by the Village with the applicable requirements of Sections 141, 148 and 149 of the Code and the regulations promulgated thereunder (collectively, the "Tax Requirements"). In the opinion of Hodgson Russ LLP, the tax certificate to be delivered in connection with issuance of the Notes (the "Tax Certificate") establishes requirements and procedures, compliance with which will satisfy the Tax Requirements.

The Tax Requirements referred to above, which must be complied with in order that interest on the Notes remains excluded from gross income for federal income tax purposes, include, but are not limited to:

- (1) The requirement that the proceeds of the Notes be used in a manner so that the Notes are not obligations which meet the definition of a "private activity bond" within the meaning of Section 141 of the Code.
- (2) The requirements contained in Section 148 of the Code relating to arbitrage bonds, including, but not limited to the requirement that the excess of all amounts earned on the investment of the gross proceeds of the Notes over that which would have been earned on such gross proceeds had such gross proceeds been invested at a yield equal to the yield on the Notes, and any investment income earned on such excess, be rebated to the United States.
- (3) The requirements that payment of principal or interest on the Notes not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Section 149(b) of the Code.

In the Tax Certificate, the Village has covenanted to comply with the Tax Requirements, and refrain from taking any action which would cause the interest on the Notes to be includable in gross income for federal income tax purposes. Any violation of the Tax Requirements may cause the interest on the Notes to be included in gross income for federal income tax purposes from the date of issuance of the Notes. Hodgson Russ LLP expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

The interest on the Notes is subject to, among others, the following provisions contained in the Code:

- (1) Interest on the Notes is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes imposed by the Code.
- (2) If the Notes are held by certain foreign corporations doing business in the United States, the interest on the Notes will be included in "effectively connected earnings and profits" for purposes of computing a branch profits tax of up to 30%.
- (3) A property casualty insurance company's deduction for the losses incurred will be reduced by 15% of the income received from tax-exempt obligations.
- (4) The United States Treasury Department has promulgated regulations which might have the effect of imposing a tax at ordinary income rates with respect to interest on the Notes owned by "S Corporations" in certain cases.
- (5) In addition, the Notes constitute "qualified tax-exempt obligations" within the meaning of the Code, and if the Notes are held by a financial institution, a portion of the interest expense allocable to the Notes will be deductible by such holders for federal income tax purposes.

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. The Code has been continuously subject to legislative modifications, amendments and revisions and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government. No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Notes or the tax consequences of ownership of the Notes.

Tax legislation, administrative actions taken by tax authorities and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law and could affect the market price for, or the marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisers regarding the foregoing matters.

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

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

Under the Code, the benefits of the exclusion of the interest on the Notes from gross income for federal income tax purposes may be diminished by operation of certain provisions of the Code which affect recipients of Social Security and railroad retirement benefits.

Each purchaser of the Notes should consult his or her tax advisor regarding the impact of the foregoing and other provisions of the Code on his or her individual tax position.

## **DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES**

### **Absence of Litigation**

Upon delivery of the Notes, the Village will furnish a certificate, dated the date of delivery of the Notes, to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution, or delivery of the Notes, or in any way contesting or affecting the validity of Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of monies to the payment of the Notes. An additional certificate will state that there is no controversy or litigation of any nature now pending or threatened by or against the Village wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the Village or adversely affect the power of the Village to levy, collect, and enforce the collection of taxes or other revenues for the payment of the Notes, which has not been disclosed in this Official Statement.

## **Legal Matters**

Legal matters incident to the authorization, issuance, and sale of the Notes are subject to the approving opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel. Copies of such opinions will be available at the time of delivery of the Notes and will be to the effect that the Notes are valid and legally binding general obligations of the Village for which the Village has validly pledged its faith and credit, and, unless paid from other sources, all the taxable real property within the Village is subject to the levy of *ad valorem* real estate taxes to pay the Notes and interest thereon, without limitation as to rate or amount. Such opinion shall also contain further statements to the effect that (1) the enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and (2) although Bond Counsel has participated in the preparation of this Official Statement, it has not verified the accuracy, completeness, or fairness of the factual information contained therein, and, accordingly, Bond Counsel expresses no opinion as to whether the Village, in connection with the sale of the Notes, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Upon delivery of the Notes, the purchaser will be furnished with the following items: (1) a Certificate of the Village Treasurer to the effect that as of the date of this Official Statement and at all times subsequent thereto, up to and including the time of delivery of the Notes, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of circumstances under which they were made, not misleading, and further stating that there has been no adverse material change in the financial condition of the Village since the date of this Official Statement up to and including the time of delivery of the Notes, and having attached thereto a copy of this Official Statement, (2) a Certificate signed by the Village Treasurer evidencing payment for the Notes, and (3) a Signature Certificate evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending or, to the knowledge of the signers, threatened, restraining, or enjoining, the issuance and delivery of the Notes or the levy and collection of taxes to pay the principal of and interest thereon, nor in any manner questioning the proceedings and authority under which the Notes were authorized or affecting the validity of the Notes thereunder, (b) neither the corporate existence or boundaries of the Village nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Notes has or have been repealed, revoked, or rescinded.

Without impairing in any way the Village's pledge of its full faith and credit for the payment of the principal of and interest on the Notes, it is the Village's stated intention that the first source of funding for debt service, operations and maintenance and other costs associated with the water system project being financed in part by the Notes will be the payments that the Village anticipates receiving from the users of such system pursuant to water rate schedules that will be established by the Village from time to time.

## **LITIGATION**

The Village from time to time is subject to a number of lawsuits in the ordinary conduct of its affairs. The Village does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the Village.

## **RATING**

The Notes are not rated. The Village does not have an underlying rating for general obligation debt as the past bonds sold by the Village have not been rated.

## **MISCELLANEOUS**

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

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If the purchaser(s) requests the Notes to be issued in registered form, without utilizing the facilities of DTC, the Village will act as paying agent for the Notes.

The Village contact information is as follows: Ms. Roxanne Astry, Village Clerk Treasurer, 22 Mill Street, Cassadaga, New York 14718; telephone: (716) 595-3007, telefax: (716) 595-3007, Email: villcass@netsync.net.

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

**VILLAGE OF CASSADAGA**

**Dated: July 27, 2010**

**ROXANNE ASTRY**  
**Village Treasurer**

**GENERAL FUND**

**Balance Sheets**

Fiscal Years Ending May 31:	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b><u>ASSETS</u></b>					
Cash	\$ 150,142	\$ 145,553	\$ 149,212	\$ 149,396	\$ 154,845
Taxes Receivable	312	860	148	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	1,000	1,000	4,500	-	940
Accounts Receivable	-	-	-	-	-
Restricted Assets	<u>3,836</u>	<u>3,836</u>	<u>24,162</u>	<u>35,000</u>	<u>10,097</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 155,290</u></b>	<b><u>\$ 151,249</u></b>	<b><u>\$ 178,022</u></b>	<b><u>\$ 184,396</u></b>	<b><u>\$ 165,883</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
Accounts Payable	\$ 12,567	\$ 6,468	\$ 9,715	\$ 3,881	\$ -
Accrued Liabilities	-	-	-	-	-
Due to Other Funds	312	860	148	-	-
Due to employees' retirement system	-	-	-	-	-
Due to Other Governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 12,879</u></b>	<b><u>\$ 7,328</u></b>	<b><u>\$ 9,863</u></b>	<b><u>\$ 3,881</u></b>	<b><u>\$ -</u></b>
<b><u>FUND EQUITY</u></b>					
Reserved	\$ 3,836	\$ 3,836	\$ 24,162	\$ 35,000	\$ 25,097
Unreserved:					
Appropriated	71,127	61,323	67,669	82,988	90,100
Unappropriated	<u>67,448</u>	<u>78,761</u>	<u>76,327</u>	<u>62,528</u>	<u>50,685</u>
<b>TOTAL FUND EQUITY</b>	<b><u>\$ 142,411</u></b>	<b><u>\$ 143,921</u></b>	<b><u>\$ 168,159</u></b>	<b><u>\$ 180,515</u></b>	<b><u>\$ 165,882</u></b>
<b>TOTAL LIABILITIES and FUND EQUITY</b>	<b><u>\$ 155,290</u></b>	<b><u>\$ 151,249</u></b>	<b><u>\$ 178,022</u></b>	<b><u>\$ 184,396</u></b>	<b><u>\$ 165,883</u></b>

Source: Annual financial reports of the Village. This Appendix is not itself audited.

**GENERAL FUND**

**Revenues, Expenditures and Changes in Fund Balance**

Fiscal Years Ending May 31:

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b><u>REVENUES</u></b>					
Real Property Taxes	\$ 83,864	\$ 136,015	\$ 138,966	\$ 138,607	\$ 139,880
Real Property Tax Items	726	1,481	1,405	1,465	1,132
Non-Property Tax Items	106,189	112,125	113,083	107,138	107,663
Departmental Income	4,318	3,610	3,617	133,703	2,792
Intergovernmental Charges	11,603	12,053	12,619	16,569	17,311
Use of Money & Property	693	1,190	716	826	2,131
Licenses and Permits	20	30	30	20	20
Fines and Forfeitures	-	-	318	145	-
Sale of Property and Compensation for Loss	116,173	2,625	-	-	7,274
Miscellaneous	2,055	-	-	49	33
Interfund Revenues	-	-	-	2,578	-
Revenues from State Sources	23,217	43,679	8,499	43,354	65,544
Revenues from Federal Sources	-	-	4,050	1,000	-
<b>Total Revenues</b>	<b>\$ 348,860</b>	<b>\$ 312,807</b>	<b>\$ 283,304</b>	<b>\$ 445,456</b>	<b>\$ 343,779</b>
<b><u>EXPENDITURES</u></b>					
General Government Support	\$ 63,932	\$ 78,987	\$ 72,009	\$ 75,055	\$ 76,781
Public Safety	25,295	29,333	49,520	267,974	55,599
Public Health	71	180	-	2	151
Transportation	190,355	178,861	77,536	109,188	100,258
Economic Assistance and Opportunity	-	-	-	-	-
Culture and Recreation	36,426	28,734	29,214	33,430	46,356
Home and Community Services	3,830	3,219	3,848	4,246	4,078
Employee Benefits	15,081	19,607	19,667	18,380	23,639
Debt Service	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 334,989</b>	<b>\$ 338,921</b>	<b>\$ 251,794</b>	<b>\$ 508,275</b>	<b>\$ 306,862</b>
Excess of Revenues Over (Under) Expenditures	13,871	(26,114)	\$ 31,510	(\$ 62,819)	\$ 36,917
Other Financing Sources (Uses):					
Proceeds of Obligations	-	-	-	-	-
Operating Transfers In	-	73,919	-	97,041	-
Operating Transfers Out	(30,000)	(33,000)	(30,000)	(10,000)	(15,000)
<b>Total Other Financing</b>	<b>\$ (30,000)</b>	<b>\$ 40,919</b>	<b>\$ (30,000)</b>	<b>\$ 87,041</b>	<b>\$ (15,000)</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(16,129)	14,805	1,510	24,222	21,917
<b><u>FUND BALANCE</u></b>					
Fund Balance - Beginning of Year	142,463	126,333	142,411	143,921	168,143
Prior Period Adjustments (net)	-	1,273	-	-	(9,544)
<b>Fund Balance - End of Year</b>	<b>\$ 126,333</b>	<b>\$ 142,411</b>	<b>\$ 143,921</b>	<b>\$ 168,143</b>	<b>\$ 180,515</b>

Source: Annual financial reports of the Village. This Appendix is not itself audited.

GENERAL FUND

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

Fiscal Years Ending May 31:

	2009		2010	2011
	Adopted Budget	Actual	Adopted Budget	Adopted Budget
<b>REVENUES</b>				
Real Property Taxes	\$ 138,883	\$ 138,763	\$ 135,754	\$ 133,291
Real Property Tax Items	1,000	1,269	1,000	1,000
Non-Property Tax Items	99,000	109,542	99,500	105,000
Departmental Income	2,650	2,408	2,100	600
Intergovernmental Charges	16,656	17,296	17,000	17,400
Use of Money & Property	2,000	937	1,500	500
Licenses and Permits	20	20	20	20
Fines and Forfeitures	-	-	-	-
Sale of Property and Compensation for Loss	-	2,150	-	-
Miscellaneous	-	1,259	-	-
Interfund Revenues	-	-	-	-
Revenues from State Sources	25,500	30,126	27,750	30,650
Revenues from Federal Sources	-	-	-	-
Total Revenues	\$ 285,709	\$ 303,771	\$ 284,624	\$ 288,461
<b>EXPENDITURES</b>				
General Government Support	\$ 102,517	\$ 71,167	\$ 96,198	\$ 96,185
Public Safety	33,650	32,333	36,400	32,400
Public Health	100	142	150	150
Transportation	118,554	116,160	111,300	115,300
Economic Assistance and Opportunity	-	-	-	-
Culture and Recreation	44,600	34,175	36,600	35,900
Home and Community Services	6,100	5,734	6,100	6,225
Employee Benefits	23,400	20,016	23,200	25,100
Debt Service	24,776	24,774	24,776	24,776
Total Expenditures	\$ 353,697	\$ 304,501	\$ 334,724	\$ 336,036
Excess of Revenues Over (Under) Expenditures	(67,988)	(730)	(50,100)	(47,575)
Other Financing Sources (Uses):				
Operating Transfers In	82,988	-	-	-
Operating Transfers Out	(15,000)	(15,000)	(40,000)	(30,000)
Total Other Financing	\$ 67,988	\$ (15,000)	\$ (40,000)	\$ (30,000)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	(15,730)	(90,100)	(77,575)
<b>FUND BALANCE</b>				
Fund Balance - Beginning of Year	-	180,515	90,100	77,575
Prior Period Adjustments (net)	-	1,097	-	-
Fund Balance - End of Year	\$ -	\$ 165,883	\$ -	\$ -

Source: Annual financial report and budgets of the Village. This Appendix is not itself audited.