

PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE

MOODY'S RATING: "Aa2"

SERIAL BONDS

See "BOND RATING" herein

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").

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

\$3,632,247

TOWN OF PLEASANT VALLEY
DUTCHESS COUNTY, NEW YORK

GENERAL OBLIGATIONS
CUSIP BASE #: 728760

\$3,632,247 Public Improvement (Serial) Bonds, 2026
(referred to herein as the "Bonds")

Dated and Delivered: May 28, 2026

Due: May 15, 2027-2050

MATURITIES*

Table with 15 columns: Year, Amount, Rate, Yield, CSP, Year, Amount, Rate, Yield, CSP, Year, Amount, Rate, Yield, CSP. Rows list maturities from 2027 to 2050 with corresponding amounts and rates.

* The Bonds maturing in the years 2035-2050, both inclusive, are subject to redemption prior to maturity as described herein under the heading "Optional Redemption."

The Bonds are general obligations of the Town of Pleasant Valley, Dutchess County, New York (the "Town"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to applicable statutory limits imposed by Chapter 97 of the Laws of 2011 of the State of New York.

The Bonds will be issued as registered bonds and may be registered, at the option of the purchaser, in the name of the purchaser or in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which, if so elected by the purchaser, will act as securities depository for the Bonds.

Proposals for the Bonds shall be for not less than \$3,632,247 and accrued interest, if any, on the total principal amount of the Bonds. A good faith deposit will not be required.

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the approving legal opinion as to the validity of the Bonds of Orrick, Herrington & Sutcliffe, LLP, Bond Counsel, New York, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon, on or about May 28, 2026.

ELECTRONIC BIDS for the Bonds must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on May 14, 2026 until 10:30 A.M., Prevailing Time, pursuant to the Notice of Bond Sale. No other form of electronic bidding services will be accepted.

May 8, 2026

THE TOWN DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED.

TOWN OF PLEASANT VALLEY DUTCHESS COUNTY, NEW YORK



TOWN OFFICIALS

MARY ALBRECHT
Town Supervisor

JENNIFER CHAPMAN
Deputy Supervisor

TOWN BOARD

MEGAN BORLAND
DAN DEGAN
MICHAEL RIFFNBURGH

* * * * *

MARY BETH MUIR
Town Clerk

WARREN S REPLANSKY, PC AND EMILY SVENSON, OF GORDON & SVENSON, LLP
Town Attorney



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor



ORRICK, HERRINGTON & SUTCLIFFE, LLP
Bond Counsel

No person has been authorized by the Town 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 Bonds 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 Town.

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PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT
OF THE
TOWN OF PLEASANT VALLEY
DUTCHESS COUNTY, NEW YORK**

**RELATING TO
\$3,632,247 Public Improvement (Serial) Bonds, 2026**

This Official Statement, which includes the cover page and appendices, has been prepared by the Town of Pleasant Valley, Dutchess County, New York (the "Town," "County," and "State," respectively), in connection with the sale by the Town of its aggregate principal amount of \$3,632,247 Public Improvement (Serial) Bonds, 2026 (referred to herein as the "Bonds").

The factors affecting the Town's financial condition and the Bonds are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the Town's tax base, revenues, and expenditures, this Official Statement should be read in its entirety.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the Town 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 and Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and such proceedings.

NATURE OF THE OBLIGATION

Each Bond when duly issued and paid for will constitute a contract between the Town and the holder thereof.

Holder of any series of notes or bonds of the Town may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Bonds will be general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the Town has power and statutory authorization to levy ad valorem taxes on all real property within the Town subject to such taxation by the Town, subject to applicable statutory limitations.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted" prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the Town's power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See "TAX LEVY LIMITATION LAW" herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State's highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

"A pledge of the City's faith and credit is both a commitment to pay and a commitment of the City's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the Town's "faith... and credit" is secured by a promise both to pay and to use in good faith the City's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held they mean... So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted... While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, ensuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term “faith and credit” in its context is “not qualified in any way”. Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, “with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations.” According to the Court in Quirk, the State Constitution “requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness.”

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a “first lien” on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

THE BONDS

Description of the Bonds

The Bonds are general obligations of the Town, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Bonds as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the Town is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to applicable statutory limitations. See “NATURE OF THE OBLIGATION” and “TAX LEVY LIMITATION LAW” herein.

The Bonds will be dated May 28, 2026 and will mature in the principal amounts and on the dates as set forth on the cover page. The Bonds are subject to redemption prior to maturity as described herein under the heading "Optional Redemption." The “Record Date” of the Bonds will be the fifteenth day of the calendar month preceding each such interest payment date. Interest will be calculated on a 30-day month and 360-day year basis.

The Bonds will be issued as registered bonds and, when issued, if issued in book-entry only form, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof, except for one necessary odd denomination which is or includes \$7,247 with respect to the 2027 maturity. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable semi-annually on May 15 and November 15 in each year until maturity commencing May 15, 2027. Principal and interest will be paid by the Town to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. If the Bonds are issued in registered certificated form, the Bonds will be issued in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination which is or includes \$7,247 with respect to the 2027 maturity. Paying agent fees, if any, in such case are to be paid by the purchaser. The Bonds may not be converted into coupon bonds or be registered to bearer.

Optional Redemption

The Bonds maturing on or before May 15, 2034 shall not be subject to redemption prior to maturity. The Bonds maturing on or after May 15, 2035 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed) at the option of the Town on May 15, 2034 or on any date thereafter at par (100.0%), plus accrued interest to the date of redemption.

If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected by the Town by lot in any customary manner of selection as determined by the Town Supervisor. Notice of such call for redemption shall be given by mailing such notice to the registered holders not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

Purpose of Issue

The Bonds are issued pursuant to the Constitution and statutes of New York State, including among others, the Town Law and the Local Finance Law, and a bond resolution adopted August 21, 2023 authorizing the issuance of \$4,632,247 bonds for the cost of the construction of improvements to and reconstruction of the Town Hall.

The proceeds of the Bonds, along with \$1,000,000 available funds of the Town, will partially redeem and permanently finance the outstanding \$4,632,247 Bond Anticipation Notes for the aforementioned project.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds, if requested. The Bonds 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 bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, 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, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town, on payable dates 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 Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company.

THE TOWN CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE TOWN WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE TOWN MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Town and discharging its responsibilities with respect thereto under applicable law, or the Town may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof, except for one necessary odd denomination which is or includes \$7,247 with respect to the 2027 maturity. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent bank to be named by the Town upon termination of the book-entry-only system. Interest on the Bonds will remain payable semi-annually on May 15 and November 15 in each year until maturity commencing May 15, 2027. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the fifteenth day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Bond Determinations Certificate of the Town Supervisor authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the fifteenth day of the calendar month preceding an interest payment date and such interest payment date.

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THE TOWN

General Information

Pleasant Valley is a town in Dutchess County, New York, United States. The population was 9,799 at the 2020 census. The town is centrally located in the county, northeast of the city of Poughkeepsie. U.S. Route 44 passes through the town. According to the United States Census Bureau, the town has a total area of 33.1 square miles.

Source: Town officials.

Population Trends

<u>Year</u>	<u>Town of Pleasant Valley</u>	<u>Dutchess County</u>	<u>New York State</u>
2010	9,672	297,488	19,378,102
2020	9,799	295,911	20,201,249
2024	9,808	297,023	20,203,772

Source: U. S. Census Bureau.

Selected Wealth and Income Indicators

Per capita income statistics are available for the Town, County and State. Listed below are select figures from the 2006-2010, 2016-2020 and 2020-2024 American Community Survey data.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2020-2024</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2020-2024</u>
Towns of:						
Pleasant Valley	\$ 35,673	\$ 41,609	\$ 55,798	\$ 94,954	\$ 99,583	\$ 121,346
County of:						
Dutchess	31,642	42,309	53,683	83,599	103,200	127,730
State of:						
New York	30,948	40,898	50,712	67,405	87,270	106,873

Note: 2021-2025 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2006-2010, 2016-2020 and 2020-2024 American Community Survey data.

Unemployment Rate Statistics

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

	<u>Annual Average</u>							
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Dutchess County	3.6%	3.4%	7.2%	4.4%	3.0%	3.0%	3.2%	N/A
New York State	4.1%	3.8%	9.8%	7.1%	4.3%	4.0%	4.2%	4.3%

2025/26 Monthly Figures

	<u>2025</u>						<u>2026</u>					
	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>
Dutchess County	3.0%	3.4%	3.7%	3.6%	3.6%	3.3%	3.2%	3.6%	3.6%	N/A	N/A	N/A
New York State	4.1%	4.8%	4.9%	4.7%	4.7%	4.4%	4.3%	4.7%	5.2%	N/A	N/A	N/A

Note: The unemployment rates for March, April and May 2026 and the 2025 annual unemployment rate for Dutchess County are not available as of the date of this Official Statement.

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

Form of Town Government

The Chief Executive Officer and the Chief Financial Officer of the Town is the Supervisor who is elected to a term of two years and is eligible for re-election. The Supervisor is also a member of the Town Board. In addition to the Supervisor, there are four members of the Town Board who are elected to four-year terms. There is no limitation as to the number of terms which may be served by members of the Town Board.

Budgetary Procedures

The Town Supervisor is the Budget Officer for the Town and prepares a preliminary budget each year, pursuant to various laws of the State of New York, submits it to the Town Board. Revisions, if any, are made and the budget is adopted by the Town Board as its preliminary budget. A public hearing is held thereon. Subsequent to the public hearing revisions, if any, are made and the budget is then adopted by the Town Board as its final budget for the coming fiscal year. The budget is not subject to referendum. The Town has not exceeded the Tax Cap in the past 5 years and does not reasonably expect to do so in the foreseeable future.

Investment Policy

Pursuant to the statutes of the State of New York, the Town is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the Town; (6) obligations of a New York public corporation which are made lawful investments by the Town 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 Town moneys held in certain reserve funds established pursuant to law, obligations issued by the Town. 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.

State Aid

The Town receives financial assistance from the State. In its budget for the 2026 fiscal year, approximately 9.9% of the General Fund revenues of the Town 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 Town, in any year, the Town 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, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the Town. No assurance can be given that present State aid levels will be maintained in the future. In view of the State's continuing budget problems, future State aid reductions are likely. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Town during its current fiscal year as well as in the future, 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" herein.)

Employees

The Town currently employs approximately 23 full-time and 25 part-time employees (excluding seasonal). The number of employees represented by collective bargaining agents, and the dates of expiration of their agreements are as follows:

<u>Unit</u>	<u>Number Represented</u>	<u>Date of Contract Expiration</u>
Local 456 - Highway	9	December 31, 2027

Source: Town officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"; with ERS, the "Retirement Systems"). The ERS is generally also known as the "Common Retirement Fund". The Retirement Systems are cost-sharing multiple public employer retirement systems. 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 Systems 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 five 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 Systems.

The ERS is non- contributory with respect to members hired prior to July 27, 1976 (Tier 1 & 2); members hired from July 27, 1976 through December 31, 2009 (Tier 3 & 4) contribute 3% for the first 10 years of service and then become non-contributory; members hired from January 1, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

The PFRS is non- contributory with respect to members hired prior to January 8, 2010 (Tier 1, 2 & 3); members hired from January 9, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

For both ERS & PFRS, Tier 5 provides for:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police & firefighters at 15% of non-overtime wages.

For both ERS & PFRS, Tier 6 provides for:

- Increase contribution rates of between 3% and 6% based on annual wage
- Increase in the retirement age from 62 years to 63 years
- A readjustment of the pension multiplier
- A change in the period for final average salary calculation from 3 years to 5 years

The Town's payments to ERS and PFRS since the 2021 fiscal year have been as follows:

<u>Year</u>	<u>ERS</u>
2021	\$ 105,540
2022	106,168
2023	127,166
2024	168,380
2025 (Unaudited)	197,223
2026 (Budgeted)	198,640

Source: Town officials.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The Town does not have any early retirement incentives outstanding.

Historical Trends and Contribution Rates: 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 ERS in the 1990s, the locally required annual contribution declined to near zero. However, with the subsequent decline in the equity markets in the early 2000s, the pension system became underfunded. As a result, required contributions for ERS increased substantially from 1.5% in 2003 to 12.9% in 2005. Wide swings in the contribution rates can result in budgetary planning problems for many participating local governments.

A chart of average ERS rates (2022 to 2027) is shown below:

<u>Year</u>	<u>ERS</u>
2022	16.2
2023	11.6
2024	13.1
2025	15.2
2026	16.5
2027	17.6

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program that establishes a minimum contribution for any employer equal to 4.5% of pensionable salaries for required contributions due December 15, 2003 and for all years thereafter where the actual rate would otherwise be 4.5% or less. In addition, it instituted a billing system that will advise employers over one year in advance concerning actual pension contribution rates.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year’s amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer’s graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

Stable Rate Pension Contribution Option: The 2013-14 Adopted State Budget included a provision that authorized local governments, including the Town, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS. For 2016 the ERS rate is 12.5% and for 2017 the ERS rate is 13.0%. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years. The Town is not participating in this program at this time nor does it intend to do so in the foreseeable future.

The Town is not amortizing or smoothing any pension payments nor does it intend to do so in the foreseeable future.

The investment of monies and assumptions underlying same, of the ERS covering the Town’s employees is not subject to the direction of the Town. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the ERS (“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 Town which could affect other budgetary matters. Concerned investors should contact the ERS administrative staff for further information on the latest actuarial valuations of the ERS.

Other Post-Employment Benefits

OPEB. Other Post-Employment Benefits (“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 75. GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The Town contracted with Milliman, an actuarial firm, to calculate its actuarial valuation under GASB 75. The table on the following page outlines the changes to the Total OPEB Liability during the below fiscal years, by source.

Balance beginning at December 31:	2022	2023
	\$ 361,608	\$ 321,649
<u>Changes for the year:</u>		
Service cost	10,288	10,288
Interest	14,854	12,108
Changes in benefit terms	-	-
Differences between expected and actual experience	(16,331)	492,490
Changes in assumptions or other inputs	6,339	(1,294)
Benefit payments	(55,109)	(60,570)
Net Changes	\$ (39,959)	\$ 453,022
Balance ending at December 31:	2023	2024
	\$ 321,649	\$ 774,672

Source: GASB Statement No. 75 Annual Report. The GASB Statement No. 75 Annual Report for the fiscal year ended December 31, 2025 is unavailable as of the date of this Official Statement.

Actuarial Valuations are required every 2 years for OPEB plans with more than 200 members, every 3 years if there are less than 200 members.

Other Information

The Town is in compliance with the procedure for the publication of the estoppel notice with respect to the Bonds as provided in Title 6 of Article 2 of the Local Finance Law.

No principal or interest upon any obligation of this Town is past due.

The fiscal year of the Town is January 1 through December 31.

Except for as shown under “STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness”, this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the Town.

Financial Statements

The Town retains an independent certified public accounting firm for a continuous independent audit of all financial transactions of the Town. The financial affairs of the Town are also subject to periodic reviews by the State Comptroller. The audited financial statements for the fiscal year ending December 31, 2025 are not available as of this Official Statement. The last independent audit covers the fiscal year ending December 31, 2024. The Towns unaudited Annual Financial Report for the fiscal year ending December 31, 2024 is available and is attached hereto as “APPENDIX – D” to this Official Statement.

The Town complies with the Uniform System of Accounts as prescribed for towns in New York State by the State Comptroller. This System differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Unaudited Results for the Fiscal Year Ended December 31, 2025

Summary unaudited information for the General Fund for the period ended December 31, 2025 is as follows:

Revenues:	\$ 3,177,756
Expenditures:	<u>5,803,202</u>
Excess (Deficit) Revenues Over Expenditures:	<u>\$ (2,625,446)</u>
Total General Fund Balance -Beginning of Year:	\$ 7,328,904
Total General Fund Balance – End of Year:	\$ 4,703,458

Note: These projections are based upon certain current assumptions and estimates, and the finalized results to be provided in the Audited Financial Statements may vary therefrom.

New York State Comptroller Report of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the Town has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The State Comptroller's office released an audit of the Town on May 9, 2025. The purpose of the audit was to determine whether the Town Board developed realistic budgets and properly managed reserve funds.

Key Findings:

The Board did not develop realistic budgets or properly manage reserves. As a result, the Town had significant recurring operating surpluses and may have levied more taxes than necessary. From fiscal years 2019 through 2023, the Board:

- Did not consider historical or known revenues and expenditure trends when preparing annual budgets. As a result, revenues were underestimated and expenditures were overestimated in the general and highway funds generating operating surpluses totaling \$5.1 million and \$1.2 million, respectively.
- Appropriated fund balance to offset annual deficits that was not needed to fund operations, including \$439,870 in the general fund for the audit period and \$603,395 in four of the five years reviewed for the highway fund.
- Accumulated surpluses resulting in unrestricted fund balances totaling \$4.5 million and \$2.4 million in the general and highway funds, respectively, as of December 31, 2023. The Board did not adopt a fund balance policy and lacked a plan on how the funds will be used. As a result, there was no rationale for accumulating significant fund balances.
- Did not adopt a long-term plan or reserve policy that provided transparency to taxpayers when funding or using reserve fund balances.

Key Recommendations:

- Adopt budgets that contain realistic estimates based on available current data and historical trends.
- Develop a plan to use excess fund balance to benefit taxpayers.
- Adopt fund balance and reserve policies.

Town officials generally agreed with the State Comptroller's office's findings and recommendations and indicated the Town has initiated or plan to initiate corrective action.

There are no other State Comptrollers audits of the Town that are currently in progress or pending release.

Note: Reference to website implies no warranty of accuracy of information therein, nor inclusion herein by reference.

The State Comptroller’s Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State’s school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System (“FSMS”) to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State’s school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district’s ST-3 report filed with the State Education Department annually, and each municipality’s annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in “significant fiscal stress”, in “moderate fiscal stress,” as “susceptible to fiscal stress” or “no designation”. Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of “no designation.” This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity’s financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The reports of the State Comptroller for the past four years for the Town are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2024	No Designation	3.3
2023	No Designation	0.0
2022	No Designation	0.0
2021	No Designation	0.0

Note: Reference to website implies no warranty of accuracy of information therein, nor inclusion herein by reference. Information for the Fiscal Year Ending in 2025 for the Town is not available as of the date of this Official Statement.

Source: Website of the Office of the New York State Comptroller.

TAX INFORMATION

Taxable Assessed Valuations

<u>Fiscal Year Ending December 31:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Assessed Valuation	\$ 1,003,279,979	\$ 1,006,654,470	\$ 1,013,124,547	\$ 1,027,039,780	\$ 1,031,147,241
New York State Equalization Rate	100.00%	85.56%	78.69%	73.25%	61.70%
Total Taxable Full Valuation	\$ 1,003,279,979	\$ 1,176,548,001	\$ 1,287,488,305	\$ 1,402,102,089	\$ 1,671,227,295

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending December 31:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
	\$ 2.28	\$ 2.23	\$ 2.00	\$ 1.86	\$ 1.79

Tax Collection Procedure

Taxes and assessments are payable during January without penalty. Beginning February 1, no penalty is added; beginning March 1 two per centum is added; beginning April 1 three per centum is added. May is four per centum with \$2 dollar 2nd notice fee May 31 is last day of collection, post mark is accepted. June 1st is when taxes are turned over to the County and taxes plus penalties are payable to the County Treasurer.

The Town retains the total amount of Town, highway, and special district levies from the total collections and returns the balance plus the uncollected items to the County, assuring the Town of receiving 100% of its tax levy. The County holds annual tax sales.

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending December 31:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Total Tax Levy	\$ 2,287,824	\$ 2,249,276	\$ 2,031,107	\$ 1,912,296	\$ 1,845,823
Uncollected Taxes ⁽¹⁾	-	-	-	-	-
% Uncollected	0.00%	0.00%	0.00%	0.00%	0.00%

⁽¹⁾ See “Tax Collection Procedure” herein.

Larger Taxpayers 2025 Assessment for 2026 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
Con Edison Co. of New York	Utility	\$48,378,582
CHG&E Corp	Electric	44,848,211
Village Park DHC LLC	Apartments	12,606,600
Iroquois Gas Trans. Systems	Utility	10,836,768
Margaret Court LLC	Commercial	8,402,900
Annie Avenue LLC	Commercial	6,619,600
Brookside Meadow LLC	Apartments	6,000,000
Very Pleasant Home LLC	Real Estate	1,824,300
CR Realty Pleasant Valley	Real Estate	1,125,000
Heights Development	Real Estate	1,089,800

The ten taxpayers, listed above, have a total assessed of \$141,731,761 that represents 8.48% of the 2026 tax base of the Town.

Source: Town tax rolls.

Additional Tax Information

Real property subject to Town taxes is assessed by the Town.

Veterans', Senior Citizens', Disabled with Limited Income, and Volunteer Fireman are offered to those who qualify.

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to virtually all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and Buffalo, the latter four of which are indirectly affected by applicability to their respective city). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It was set to expire on June 15, 2020 unless extended; legislation has since made it permanent. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index (“CPI”), over the amount of the prior year’s tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees’ Retirement System, the Police and Fire Retirement System, and the Teachers’ Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the tax levy limitation provisions.

While the Tax Levy Limitation Law may constrict an issuer's power to levy real property taxes for the payment of debt service on debt contracted after the effective date of said Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer's pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer's levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation outside of any statutorily determined tax levy amount is not clear.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved "government efficiency plan" which demonstrates "three-year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies".

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 did not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they did provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the Town are uncertain at this time.

STATUS OF INDEBTEDNESS

Constitutional Requirements

The State Constitution limits the power of the Town (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 Town and the Bonds include the following:

Purpose and Pledge. Subject to certain enumerated exceptions, the Town 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 Town may contract indebtedness only for a Town 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; unless substantially level or declining annual debt service is authorized and utilized, no installment may be more than fifty per centum in excess of the smallest prior installment. The Town 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 notes and such required annual installments on its bonds.

Debt Limit. The Town has the power to contract indebtedness for any Town 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 Town and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. 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.

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the Town is calculated by taking 7% of the latest five-year average of the full valuation of all taxable real property.

Statutory Procedure

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

Pursuant to the Local Finance Law, the Town authorizes the issuance of bonds by the adoption of a bond resolution, approved by at least two-thirds of the members of the Town Board, the finance board of the Town. Customarily, the Town Board has delegated to the Supervisor, as chief fiscal officer of the Town, 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 bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) Such obligations are authorized for a purpose for which the Town is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

Except on rare occasions the Town complies with this estoppel procedure. 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 bonds subject to the legal (Constitution, Local Finance Law) restrictions relating to the period of probable usefulness with respect thereto.

Statutory Law in the State 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, generally, 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 Town with the power to issue certain other short-term general obligations indebtedness including revenue and tax anticipation notes, budget, deficiency and capital notes (see "Details of Outstanding Indebtedness" herein).

STATUS OF INDEBTEDNESS

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending December 31st:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Bonds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Bond Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,632,247</u>
Total Debt Outstanding	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,632,247

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Town as of May 8, 2026.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	-	\$ 0
<u>Bond Anticipation Notes</u>	-	
Town Hall Project	May 29, 2026	<u>4,632,247</u>
	Total Indebtedness	\$ 4,632,247

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of May 8, 2026:

Five-Year Average Full Valuation of Taxable Real Property.....	\$ 1,308,129,133
Debt Limit – 7% thereof	91,569,039

Inclusions:

Bonds	\$ 0	
Bond Anticipation Notes (BANs):	<u>4,632,247</u>	
Total Inclusions prior to issuance of the Bonds and Notes ...	<u>4,632,247</u>	
Less: BANs being redeemed from appropriations	(1,000,000)	
Add: New money proceeds of the Bonds	<u>0</u>	
Total Net Inclusions after issuance of the Bonds		<u>\$3,632,247</u>

Exclusions:

Appropriations ⁽¹⁾	\$ 0	
Water Debt ⁽²⁾	0	
Sewer Debt ⁽³⁾	<u>0</u>	
Total Exclusions		<u>\$ 0</u>

Total Net Indebtedness Subject to Debt Limit	<u>\$ 3,632,247</u>
Net Debt-Contracting Margin	<u>\$87,936,792</u>
The percent of debt contracting power exhausted is	3.97%

- (1) Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.
- (2) Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.
- (3) Sewer Debt is excluded pursuant to Section 124.10 of the Local Finance Law.

Bonded Debt Service

The Town currently has no Bonded Debt Service nor any outstanding bond anticipation notes.

Cash Flow Borrowings

The Town has not found it necessary to issue revenue or tax anticipation notes nor budgetary or deficiency notes in its recent history and does not anticipate having to issue such notes in the foreseeable future.

Capital Project Plans

Other than the issuance of the Bonds, the Town does not have any additional projects on going or contemplated for which debt will be issued other than those stated above.

Installment Purchase Debt

During the year ended December 31, 2023, the Town had two installment purchase debt agreements outstanding for various office equipment. The Town has fully paid off the remaining balance of the installment purchase debt agreements in the fiscal year ending December 31, 2025.

Estimated Overlapping Indebtedness

In addition to the Town, 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 Town. The estimated net outstanding indebtedness of such political subdivisions is as follows:

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Town Share</u>	<u>Applicable Net Indebtedness</u>
County of:				
Dutchess	12/31/2024	\$ 306,910,000	2.52%	\$ 7,734,132
School Districts:				
Arlington	6/30/2025	59,453,900	83.74%	49,786,696
Hyde Park	6/30/2025	44,056,177	13.84%	6,097,375
Millbrook	6/30/2025	10,805,777	2.57%	277,708
Fire Districts:				
Pleasant Valley	12/31/2024	-	96.40%	-
			Total:	<u>\$ 63,895,911</u>

⁽¹⁾ Not adjusted to include subsequent issuances, if any, from the date of the status of indebtedness stated in the table above for each respective municipality.

Note: Gross Indebtedness sourced from local government data provided by the State Comptroller's office. Information regarding applicable exclusions, such as water debt, sewer debt, and budgeted appropriations for the municipalities and state building aid for the school districts is not available from source.

Debt Ratios

The following table sets forth certain ratios relating to the Town's indebtedness as of May 8, 2026:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 3,632,247	\$ 370.34	0.22%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	67,528,158	6,885.01	4.04

- (a) The 2024 estimated population of the Town is 9,808. (See "THE TOWN – Population Trends" herein.)
- (b) The Town's full valuation of taxable real estate for 2026 is \$ 1,671,227,295. (See "TAX INFORMATION – Valuations" herein.)
- (c) See "Debt statement Summary" herein for the calculation of Net Indebtedness.
- (d) Estimated net overlapping indebtedness is \$63,895,911. (See "Estimated Overlapping Indebtedness" herein.)

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors’ Provision. Each Note when duly issued and paid for will constitute a contract between the Town and the holder thereof. Under current law, provision is made for contract creditors of the Town to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Town upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

Execution/Attachment of Municipal Property. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the Town may not be enforced by levy and execution against property owned by the Town.

Authority to File for Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as the Town, 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 or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

The State has consented that any municipality in the State may file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt including judicial control over identifiable and unidentifiable creditors.

No current state law purports to create any priority for holders of the Bonds should the Town be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The rights of the owners of Notes to receive interest and principal from the Town could be adversely affected by the restructuring of the Town’s debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the Town (including the Bonds) to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the Town under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors’ rights; such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality’s debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

State Debt Moratorium Law. There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

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 obligations.

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law described below 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 Town.

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law. The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or village. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an "emergency financial control board" for any county, city, town or village upon determination that such a state of financial emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board requests the municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law ("Title 6-A") effectively prohibits the doing of any act for ninety days in the payment of claims, against the municipality including payment of debt service on outstanding indebtedness.

This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such "additional period of time as is required to carry out fully all the terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder." Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims including debt service due or overdue must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing, that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a "material change in circumstances" the repayment plan is no longer in compliance with statutory requirements.

Once an approved repayment plan has been completed, the court, after a hearing upon motion of any creditor, or a motion of the municipality or its emergency financial control board, will enter an order vacating any stay then in effect and enjoining of creditors who accepted the plan or any benefits thereunder from commencing or continuing any court action, proceeding or other act described in Title 6-A relating to any debt included in the plan.

Title 6-A requires notice to all creditors of each material step in the proceedings. Court determinations adverse to the municipality or its financial emergency control board are appealable as of right to the appellate division in the judicial department in which the court is located and thereafter, if necessary, to the Court of Appeals. Such appeals stay the judgment or appealed from and all other actions, special proceedings or acts within the scope of Section 85.30 of Title 6-A pending the hearing and determination of the appeals.

Whether Title 6-A is valid under the Constitutional provisions regarding the payment of debt service is not known. However, based upon the decision in the Flushing National Bank case described above, its validity is subject to doubt.

While the State Legislature has from time to time adopted legislation in response to a municipal fiscal emergency and established public benefit corporations with a broad range of financial control and oversight powers to oversee such municipalities, generally such legislation has provided that the provisions of Title 6-A are not applicable during any period of time that such a public benefit corporation has outstanding indebtedness issued on behalf of such municipality.

Fiscal Stress and State Emergency Financial Control Boards. Pursuant to Article IX Section 2(b)(2) of the State Constitution, any local government in the State may request the intervention of the State in its “property, affairs and government” by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and approve collective bargaining agreements in certain cases. Implementation is left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, on a certificate of necessity of the governor reciting facts which in the judgment of governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature the State is authorized to intervene in the “property, affairs and governments” of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict , subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

In 2013, the State established a new state advisory board to assist counties, cities, towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the “FRB”), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities and is authorized to offer grants and/or loans of up to \$5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

The FRB is also authorized to serve as an alternative arbitration panel for binding arbitration.

Although from time to time, there have been proposals for the creation of a statewide financial control board with broad authority over local governments in the State, the FRB does not have emergency financial control board powers to intervene such as the public benefit corporations established by special acts as described above.

Several municipalities in the State are presently working with the FRB. The Town has not requested FRB assistance, nor does it reasonably expect to do so in the foreseeable future. School districts and fire districts are not eligible for FRB assistance.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: “If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness.” This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service, but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

Default Litigation. In prior years, certain events and legislation affecting a holder’s remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service. See “NATURE OF THE OBLIGATION” and “State Debt Moratorium Law” herein.

No Past Due Debt. No principal of or interest on Town indebtedness is past due. The Town has never defaulted in the payment of the principal of and interest on any indebtedness.

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Bonds. The following is a discussion of certain events that could affect the risk of investing in the Bonds. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

The financial and economic condition of the Town as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the Town'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 Bonds. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the Town to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The Town 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 Town, in any year, the Town may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the Town. In several recent years, the Town has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations.

If a holder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. If and when a holder of any of the Bonds should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Bonds. Recent global financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Bonds is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

Amendments to U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bonds and other debt issued by the Town. Any such future legislation would have an adverse effect on the market value of the Bonds (See "TAX MATTERS" herein).

Cybersecurity

The Town, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the Town will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York (or any political subdivision thereof, including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX – C" hereto.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has covenanted to comply with certain restrictions designed to insure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted

into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Bonds.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds may otherwise affect a Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Owner or the Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Legislative proposals have been made in recent years which would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

The legality of the authorization and issuance of the Bonds is covered by the approving legal opinion of Bond Counsel. The proposed form of Bond Counsel's opinion is attached hereto at "APPENDIX – C".

LITIGATION

The Town is subject to a number of lawsuits in the ordinary conduct of its affairs. The Town 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 Town.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the Town, threatened against or affecting the Town to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the Town taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the Town.

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the Town will enter into a Continuing Disclosure Undertaking Certificate, a description of which is attached hereto as "APPENDIX – B".

Historical Compliance

The Town is in compliance in all material respects within the last five years with all previous undertakings made pursuant to the Rule 15c2-12.

BOND RATING

Moody's Investors Service ("Moody's") has assigned their rating of "Aa2" to the Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. This rating reflects only the view of Moody's, and any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich St., New York, New York 10007. Phone: (212) 553-0038, Fax: (212) 553-1390.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the Bonds may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor") is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the Town on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Bonds. The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the Town and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Town or the information set forth in this Official Statement or any other information available to the Town with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the Town to the Municipal Advisor are partially contingent on the successful closing of the Bonds.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds will be paid for by the Town provided, however; the Town assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates in good faith, no assurance can be given that the facts will materialize as so opined or estimated. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds.

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the Town management's beliefs as well as assumptions made by, and information currently available to, the Town's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the Town's files with the repositories. When used in Town documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

To the extent 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 holder of the Bonds.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the Town, expressed no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the Town for use in connection with the offer and sale of the Bonds, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Bonds, the Town will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did 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 the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the Town.

The Official Statement is submitted only in connection with the sale of the Bonds by the Town and may not be reproduced or used in whole or in part for any other purpose.

The Town hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

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

The Town will act as Paying Agent for the Bonds.

The Town contact information is as follows: Mary Albrecht, Town Supervisor, 1554 Main Street Pleasant Valley, New York 12569, telephone (845) 635-1111, email: pvs@pleasantvalley-ny.gov. The Town Supervisor is the Chief Fiscal Officer.

Additional copies of the Notice of Bond Sale and the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., Phone: (315) 752-0051, or at www.fiscaladvisors.com.

TOWN OF PLEASANT VALLEY

Dated: May 8, 2026

MARY ALBRECHT
Town Supervisor

GENERAL FUND

Balance Sheets

Fiscal Years Ending	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 2,768,038	\$ 3,883,712	\$ 4,717,289	\$ 5,356,864	\$ 5,089,901
Restricted Cash	812	3,604,167	3,217,111	3,274,939	2,056,385
Other Receivables	49,758	64,791	100,044	93,678	102,622
Due from State and Federal Government	-	-	-	-	-
Investments	2,655,526	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due From Other Governments	386,689	629,488	653,773	242,236	243,016
Leases Receivable	-	-	-	-	-
Prepaid Expenses	-	20,467	16,109	21,467	25,620
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 5,860,823</u>	<u>\$ 8,202,625</u>	<u>\$ 8,704,326</u>	<u>\$ 8,989,184</u>	<u>\$ 7,517,544</u>
 <u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 29,180	\$ 21,651	\$ 56,605	\$ 97,575	\$ 36,509
Accrued Liabilities	24,611	75,691	71,511	86,241	107,890
Due to Retirement Systems	46,991	-	-	-	-
Due to Other Funds	-	24,542	6,536	17,006	-
Due to Other Governments	-	-	-	-	-
Deferred Revenue	-	936,665	997,921	923,916	32,086
Other Liabilities	79,894	31,256	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>180,676</u>	<u>1,089,805</u>	<u>1,132,573</u>	<u>1,124,738</u>	<u>176,485</u>
 <u>FUND EQUITY</u>					
Nonspendable	\$ -	\$ 20,467	\$ 16,109	\$ 21,467	\$ 25,620
Restricted	2,656,338	2,667,502	2,219,190	2,351,023	2,024,299
Committed	-	-	-	-	-
Assigned	92,143	1,100,000	1,100,000	1,100,000	992,409
Unassigned	2,931,666	3,324,851	4,236,454	4,391,956	4,298,731
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND EQUITY	<u>5,680,147</u>	<u>7,112,820</u>	<u>7,571,753</u>	<u>7,864,446</u>	<u>7,341,059</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 5,860,823</u>	<u>\$ 8,202,625</u>	<u>\$ 8,704,326</u>	<u>\$ 8,989,184</u>	<u>\$ 7,517,544</u>

Source: 2020-2024 Audited Financial Statements.
This Appendix itself has not been audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
REVENUES					
Real Property Taxes	\$ 1,343,127	\$ 1,473,280	\$ 1,116,846	\$ 637,281	\$ 404,649
Real Property Tax Items	14,434	-	-	-	-
Non-Property Tax Items	816,062	1,108,329	1,202,419	1,021,450	1,165,236
Departmental Income	137,457	293,923	321,250	323,723	293,939
Intergovernmental Charges	1,304	-	-	-	-
Use of Money & Property	15,860	1,646	55,953	215,892	319,494
Licenses and Permits	68,380	188,159	153,646	93,480	153,399
Fines and Forfeitures	326,411	353,690	530,951	494,279	452,952
Sale of Property and Compensation for Loss	8,269	46,569	12,232	15,683	14,326
Miscellaneous	73,768	67,860	45,172	52,608	81,965
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	269,694	442,502	336,566	274,593	287,853
Revenues from Federal Sources	-	-	-	84,666	908,664
Total Revenues	<u>\$ 3,074,766</u>	<u>\$ 3,975,958</u>	<u>\$ 3,775,035</u>	<u>\$ 3,213,655</u>	<u>\$ 4,082,477</u>
EXPENDITURES					
General Government Support	\$ 936,101	\$ 1,086,374	\$ 1,245,432	\$ 1,463,696	\$ 1,398,011
Public Safety	74,557	30,186	51,324	101,464	107,834
Health	1,695	1,690	1,839	2,042	1,916
Transportation	93,921	111,773	106,127	123,249	132,588
Economic Assistance and Opportunity	2,626	3,259	5,772	23,822	7,906
Culture and Recreation	656,442	759,455	325,666	442,348	1,183,729
Home and Community Services	223,415	254,045	226,514	225,221	299,079
Employee Benefits	273,386	323,596	375,723	421,374	478,509
Debt Service	2,507	8,228	8,170	8,170	8,170
Total Expenditures	<u>\$ 2,264,650</u>	<u>\$ 2,578,606</u>	<u>\$ 2,346,567</u>	<u>\$ 2,811,386</u>	<u>\$ 3,617,742</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 810,116</u>	<u>\$ 1,397,352</u>	<u>\$ 1,428,468</u>	<u>\$ 402,269</u>	<u>\$ 464,735</u>
Other Financing Sources (Uses):					
Operating Transfers In	2,624,940	40,323	-	-	-
Operating Transfers Out	(15,000)	(361,620)	(969,535)	(109,576)	(988,122)
Total Other Financing	<u>2,609,940</u>	<u>(321,297)</u>	<u>(969,535)</u>	<u>(109,576)</u>	<u>(988,122)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>3,420,056</u>	<u>1,076,055</u>	<u>458,933</u>	<u>292,693</u>	<u>(523,387)</u>
FUND BALANCE					
Fund Balance - Beginning of Year	2,260,091	5,680,147	7,112,820	7,571,753	7,864,446
Prior Period Adjustments (net)	1,277	356,618	-	-	-
Fund Balance - End of Year	<u>\$ 5,680,147</u>	<u>\$ 7,112,820</u>	<u>\$ 7,571,753</u>	<u>\$ 7,864,446</u>	<u>\$ 7,341,059</u>

Source: 2020-2024 Audited Financial Statements.
This Appendix itself has not been audited.

GENERAL FUND

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

Fiscal Years Ending	2024			2025	2026
	Adopted Budget	Final Budget	Actual Amounts	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	\$ 389,945	\$ 389,945	\$ 404,649	\$ 511,509	\$ 615,692
Real Property Tax Items	16,800	-	-	15,500	15,000
Non-Property Tax Items	970,000	986,800	1,165,236	930,000	900,000
Departmental Income	-	310,465	293,939	-	301,500
Intergovernmental Charges	-	-	-	-	-
Use of Money & Property	100,000	177,892	319,494	152,900	146,800
Licenses and Permits	415,500	140,402	153,399	462,590	120,300
Fines and Forfeitures	535,000	542,100	452,952	450,000	430,000
Sale of Property and Compensation for Loss	6,600	6,500	14,326	6,950	6,050
Miscellaneous	34,732	71,422	81,965	37,037	31,659
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	370,690	342,147	287,853	330,690	280,690
Revenues from Federal Sources	-	908,664	908,664	-	-
Total Revenues	\$ 2,839,267	\$ 3,876,337	\$ 4,082,477	\$ 2,897,176	\$ 2,847,691
EXPENDITURES					
General Government Support	\$ 1,338,848	\$ 1,501,003	\$ 1,398,011	\$ 1,385,537	\$ 1,586,275
Public Safety	110,325	112,138	107,834	112,952	123,476
Health	1,913	1,917	1,916	1,990	2,070
Transportation	132,328	133,278	132,588	137,600	139,124
Economic Assistance and Opportunity	7,000	9,064	7,906	7,000	4,000
Culture and Recreation	440,476	1,205,510	1,183,729	374,995	409,617
Home and Community Services	260,566	312,999	299,079	252,690	289,760
Employee Benefits	539,512	556,007	478,509	618,704	593,369
Debt Service	8,300	8,300	8,170	5,708	175,418
Total Expenditures	\$ 2,839,267	\$ 3,840,216	\$ 3,617,742	\$ 2,897,176	\$ 3,323,109
Excess of Revenues Over (Under) Expenditures	\$ -	\$ 36,121	\$ 464,735	\$ -	\$ (475,418)
Other Financing Sources (Uses):					
Operating Transfers In	-	-	-	-	475,418
Operating Transfers Out	-	(988,122)	(988,122)	-	-
Total Other Financing	-	(988,122)	(988,122)	-	475,418
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	(952,001)	(523,387)	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	-	952,001	7,864,446	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ 7,341,059	\$ -	\$ -

CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE BONDS

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 Town has agreed to provide, or cause to be provided,

- (i) 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, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the Final Official Statement anticipated to be dated October 30, 2025 of the Town relating to the Bonds under the headings "THE TOWN", "TAX INFORMATION", "STATUS OF INDEBTEDNESS", "LITIGATION" and "Appendix – A - A-1, A-2" by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending December 31, 2026, and (ii) a copy of the audited financial statements, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending December 31, 2026; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time or, within sixty days following receipt by the Town of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the Town of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;
- (ii) within 10 business days after the occurrence of such event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:
 - (a) principal and interest payment delinquencies
 - (b) non-payment related defaults; if material
 - (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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - (g) modifications to rights of Bondholders; if material
 - (h) bond calls, if material, and tender offers
 - (i) defeasances
 - (j) release, substitution, or sale of property securing repayment of the Bonds; if material
 - (k) rating changes
 - (l) bankruptcy, insolvency, receivership or similar event of the Town;

- (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (o) incurrence of a financial obligation (as defined in the Rule) of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect Bond holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no "debt service reserves" will be established for the Bonds.

With respect to event (d) the Town does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds.

For the purposes of the event identified in (l) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

With respect to events (o) and (p), the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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

- (iii) in a timely manner, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of its failure to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

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

The Town reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Town, provided that, the Town agrees that any such modification will be done in a manner consistent with the Rule.

A Continuing Disclosure Undertaking Certificate to this effect shall be provided to the purchaser at closing.

FORM OF BOND COUNSEL'S OPINION

May 28, 2026

Town of Pleasant Valley,
County of Dutchess,
State of New York

Re: Town of Pleasant Valley, Dutchess County, New York
\$3,632,247 Public Improvement (Serial) Bonds, 2026

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$3,632,247 Public Improvement (Serial) Bonds, 2026 (the "Obligations"), of the Town of Pleasant Valley, Dutchess County, New York (the "Obligor"), dated May 28, 2026, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of ___ hundredths per centum (___%) per annum as to bonds maturing in ___, payable on May 15, 2027 and semi-annually thereafter on November 15 and May 15, and maturing in the amount of \$ _____ on May 15, 2028, \$ _____ on May 15, 2029, \$ _____ on May 15, 2030, \$ _____ on May 15, 2031, \$ _____ on May 15, 2032, \$ _____ on May 15, 2033, \$ _____ on May 15, 2034, \$ _____ on May 15, 2035, \$ _____ on May 15, 2036, \$ _____ on May 15, 2037, \$ _____ on May 15, 2038, \$ _____ on May 15, 2039, \$ _____ on May 15, 2040, \$ _____ on May 15, 2041, \$ _____ on May 15, 2042, \$ _____ on May 15, 2043, \$ _____ on May 15, 2044, \$ _____ on May 15, 2045, \$ _____ on May 15, 2046, \$ _____ on May 15, 2047, \$ _____ on May 15, 2048, \$ _____ on May 15, 2049, and \$ _____ on May 15, 2050.

The Obligations maturing on or before May 15, 2034 shall not be subject to redemption prior to maturity. The Obligations maturing on or after May 15, 2035 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed) at the option of the Town on May 15, 2034 or on any date thereafter at par, plus accrued interest to the We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Obligations included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, 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.

Very truly yours,

Orrick, Herrington & Sutcliffe LLP

**TOWN OF PLEASANT VALLEY
DUTCHESS COUNTY, NEW YORK**

AUDITED FINANCIAL REPORT

For the Year Ended December 31, 2024

The Audited Financial Statements, including opinion, were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

**TOWN OF PLEASANT VALLEY,
NEW YORK**

*Basic Financial Statements, Required
Supplementary Information and Supplementary
Information for the Year Ended December 31, 2024
and Independent Auditors' Reports*

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INDEPENDENT AUDITORS' REPORT

Honorable Town Board
Town of Pleasant Valley, New York:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Pleasant Valley, New York (the "Town"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAS"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Town restated net position for the inclusion of capital assets. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

Supplementary Information

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

The Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information, as listed in the table of contents, 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 September 26, 2025 on our consideration of the Town'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 solely 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 effectiveness of 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 Town's internal control over financial reporting and compliance.

Dasscher & Malachuk LLP

September 26, 2025

TOWN OF PLEASANT VALLEY, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2024

As management of the Town of Pleasant Valley, New York (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative. For comparative purposes, certain data from the prior year has been reclassified to conform with the current year presentation.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$18,636,778 (*net position*). This consists of \$8,536,989 net investment in capital assets, \$3,277,211 restricted for specific purposes, and an unrestricted net position of \$6,822,578.
- The Town's net position increased by \$1,536,226 during the year ended December 31, 2024.
- At the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$11,199,703, a decrease of \$627,109 in comparison with the prior year's fund balance of \$11,826,812.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$4,298,731, or approximately 93.3 percent of General Fund expenditures and transfers out. This total amount is *available for spending* at the Town's discretion and constitutes approximately 58.6 percent of the General Fund's total fund balance of \$7,341,059 at December 31, 2024.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements—The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government support, public safety, health, transportation, economic assistance and opportunity, culture and recreation, and home and community services. The Town does not engage in any business-type activities.

The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds—*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources*, available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Highway Fund and Capital Projects Fund, which are considered major funds. Data from the other two funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the Supplementary Information section of this report.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The Town maintains one fiduciary fund, the Custodial Fund.

The fiduciary fund financial statements can be found on pages 17-18 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-38 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Town’s net pension liability and the Town’s budgetary comparison schedules for each major fund with a legally adopted budget. Required Supplementary Information and related notes to the Required Supplementary Information can be found on pages 39-44 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 45-46.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government’s financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$18,636,778 at the close of the most recent fiscal year, as compared to \$17,100,552, as restated, at the close of the fiscal year ended December 31, 2023.

Table 1, as shown below, presents a condensed statement of net position compared to the prior year.

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental Activities	
	December 31,	
	2024	2023 (as restated)
Current assets	\$ 11,482,192	\$ 13,058,197
Noncurrent assets	8,536,989	5,850,140
Total assets	<u>20,019,181</u>	<u>18,908,337</u>
Deferred outflows of resources	550,775	657,665
Current liabilities	282,489	1,231,385
Noncurrent liabilities	1,340,569	1,179,694
Total liabilities	<u>1,623,058</u>	<u>2,411,079</u>
Deferred inflows of resources	310,120	54,371
Net position:		
Net investment in capital assets	8,536,989	5,850,140
Restricted	3,277,211	3,780,329
Unrestricted	6,822,578	7,470,083
Total net position	<u>\$ 18,636,778</u>	<u>\$ 17,100,552</u>

The largest portion of the Town’s net position, \$8,536,989, reflects its investment in capital assets (such as land improvements, buildings and improvements, machinery, equipment, and infrastructure), net of accumulated depreciation and less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$3,277,211, represents resources that are subject to external restrictions imposed by creditors, grantors, contributions, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The remaining component of the Town's net position, \$6,822,578 represents an unrestricted net position.

Table 2, as presented below, shows the changes in net position for the years ended December 31, 2024 and December 31, 2023.

Table 2—Condensed Statements of Changes in Net Position—Primary Government

	Governmental Activities	
	Year Ended December 31,	
	2024	2023
Program revenues:		
Charges for services	\$ 949,844	\$ 957,181
Capital grants and contributions	1,243,849	485,521
General revenues	4,620,545	4,302,444
Total revenues	6,814,238	5,745,146
Program expenses	5,278,012	5,544,822
Change in net position	1,536,226	200,324
Net position—beginning	17,100,552	11,050,088
Restatement	-	5,850,140
Net position—ending	\$ 18,636,778	\$ 17,100,552

Overall revenues increased 18.6 percent from the prior year. This was primarily due to an increase in capital grants and contributions related to the recognition of federal aid from the American Rescue Plan Act. Total expenses decreased 4.8 percent from the prior year. This decrease was primarily the result of the effects of removal of capital expenditures for the Town's recognition of capital assets during the current year end, as discussed further in Note 2 to the financial statements.

A summary of sources of revenues for the years ended December 31, 2024 and December 31, 2023 is presented in Table 3 below.

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2024	2023	Dollars	Percent (%)
Charges for services	\$ 949,844	\$ 957,181	\$ (7,337)	(0.8)
Capital grants and contributions	1,243,849	485,521	758,328	156.2
Property taxes and tax items	2,558,829	2,652,440	(93,611)	(3.5)
Non-property tax items	1,165,236	1,021,450	143,786	14.1
Use of money and property	474,723	266,214	208,509	78.3
Sale of property and compensation for loss	19,984	18,133	1,851	10.2
Miscellaneous	113,920	69,614	44,306	63.6
Unrestricted state aid	287,853	274,593	13,260	4.8
Total revenues	\$ 6,814,238	\$ 5,745,146	\$ 1,069,092	18.6

The most significant sources of revenues for the year ended December 31, 2024 were property taxes and tax items of \$2,558,829, or 37.6 percent of total revenues, capital grants and contributions of \$1,243,849, or 18.3 percent of total revenues, and non-property tax items of \$1,165,236, or 17.1 percent of total revenues. The most significant sources of revenues for the year ended December 31, 2023 were property

taxes and tax items of \$2,652,440, or 46.2 percent of total revenues, non-property tax items of \$1,021,450, or 17.8 percent of total revenues, and charges for services of \$957,181, or 16.7 percent of total revenues.

A summary of program expenses for the years ended December 31, 2024 and December 31, 2023 is presented below in Table 4.

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended December 31,		Increase/(Decrease)	
	2024	2023	Dollars	Percent (%)
General government support	\$ 1,697,967	\$ 1,737,238	\$ (39,271)	(2.3)
Public safety	131,587	120,426	11,161	9.3
Health	592,866	554,702	38,164	6.9
Transportation	1,706,012	2,073,671	(367,659)	(17.7)
Economic assistance and opportunity	9,648	28,274	(18,626)	(65.9)
Culture and recreation	705,575	525,016	180,559	34.4
Home and community services	433,971	504,784	(70,813)	(14.0)
Interest and other fiscal charges	386	711	(325)	(45.7)
Total expenses	<u>\$ 5,278,012</u>	<u>\$ 5,544,822</u>	<u>\$ (266,810)</u>	<u>(4.8)</u>

The most significant expense items for the year ended December 31, 2024 were transportation expenses of \$1,706,012, or 32.3 percent of total expenses and general government support of \$1,697,967, or 32.1 percent of total expenses. Similarly, the most significant expense items for the year ended December 31, 2023 were transportation expenses of \$2,073,671, or 37.4 percent of total expenses, and health expenses of \$554,702, or 10.0 percent of total expenses.

Financial Analysis of Governmental Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds—The focus of the Town’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not been limited to use for a particular purpose by an external party, the Town itself, or a group of individuals that has been delegated authority to assign resources for use for particular purposes by the Town Board.

At December 31, 2024, the Town’s governmental funds reported combined ending fund balances of \$11,199,703, a decrease of \$627,109 from the prior year fund balance of \$11,826,812. Approximately 38.4 percent of this amount, \$4,298,731, constitutes *unassigned fund balance*, which is available for spending at the Town’s discretion. The remainder of fund balance is either *nonspendable*, *restricted*, or *assigned* to indicate that it is: (1) not in spendable form, \$42,095, (2) restricted for a specific purpose, \$3,277,211, or (3) assigned for particular purposes, \$3,581,666.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,298,731, while total fund balance decreased to \$7,341,059. The total fund balance of the Town’s General Fund decreased \$523,387 during the current fiscal year, which was due to unanticipated increases culture and recreation expenditures related to improvements to parks and facilities. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned

fund balance and total fund balance to total expenditures. Unassigned fund balance represents approximately 93.3 percent of General Fund expenditures and transfers out, while total fund balance represents 159.4 percent of that same amount.

The Highway Fund fund balance increased \$200,859 from the prior year, resulting in an ending fund balance of \$3,031,013. Approximately 74.4 percent, \$2,256,116, of this amount is reported as fund balance assigned for specific use. The fund balance increase is primarily due to savings realized within transportation expenditures.

The Capital Projects Fund fund balance decreased \$302,504 from the prior year, resulting in an ending fund balance of \$794,490. The fund balance decrease was due to capital outlay exceeding total revenues and transfers in.

General Fund Budgetary Highlights

The Town's General Fund budget generally contains budget amendments during the year. The budget is allowed to be amended upward (increased) for prior year's encumbrances since the funds were allocated under the previous year's budget, and the Town has appropriately assigned an equal amount of fund balance at year-end for this purpose. Furthermore, the budget is allowed to be amended upward (increased) for additional current year appropriations supported by an increase in budgeted revenues. A budgetary comparison schedule within the required supplementary information section of this report has been provided to demonstrate compliance with their budget.

A summary of the General Fund results of operations for the year ended December 31, 2024 is presented below.

Table 5—General Fund Budget

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues	\$ 2,839,267	\$ 3,876,337	\$ 4,082,477	\$ 206,140
Expenditures and other financing sources	2,839,267	4,828,338	4,605,864	222,474
Excess (deficiency) of revenues over expenditures and other financing uses	\$ -	\$ (952,001)	\$ (523,387)	\$ 428,614

Original budget compared to final budget—At the close of the fiscal year, the overall budgeted appropriations increased \$1,989,071. Appropriations were amended to reflect increases in transfers out because of spending funds related to the American Rescue Plan Act. Additionally, the Town amended their budget to reflect increases in federal aid.

Final budget compared to actual results—A review of actual revenues and expenditures compared to the estimated revenues and appropriations in the final budget yields certain variances. The General Fund incurred a surplus from final budgetary appropriations of \$222,474. A favorable variance of \$206,140 was noted within revenues, primarily due to an increase in sales tax collections.

Capital Assets and Debt Administration

Capital Assets—The Town's investment in capital assets for its governmental activities as of December 31, 2024, amounted to \$8,536,989 (net of accumulated depreciation). This investment in capital assets includes construction in progress, infrastructure, buildings and improvements, and machinery and equipment. All depreciable capital assets were depreciated from acquisition date to the end of the current year, as outlined in the Town's capital asset policy.

Capital assets, net of depreciation for the governmental activities at December 31, 2024 and 2023 are presented below in Table 6.

Table 6—Summary of Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities	
	December 31,	
	2024	2023 (as restated)
Construction in progress	1,662,754	1,016,437
Land improvements	254,947	38,375
Buildings and improvements	1,187,143	1,176,189
Machinery and equipment	2,004,877	1,107,466
Infrastructure	3,427,268	2,511,673
Total	<u>\$ 8,536,989</u>	<u>\$ 5,850,140</u>

Long-term Liabilities—At December 31, 2024, the Town had long-term liabilities outstanding totaling \$1,340,569, which was an increase of \$160,875 from the prior year.

A summary of the Town's long-term liabilities at December 31, 2024 and December 31, 2023 is presented in Table 7 below:

Table 7—Summary of Long-Term Liabilities—Governmental Activities

	December 31,	
	2024	2023
Installment purchase debt	\$ -	\$ 15,769
Compensated absences	36,519	37,490
OPEB obligation	774,672	321,649
Net pension liability	529,378	804,786
Total	<u>\$ 1,340,569</u>	<u>\$ 1,179,694</u>

Additional information on the Town's long-term liabilities can be found in Note 10 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate, not seasonally adjusted, for the Dutchess-Putnam region during December 2024 was 3.1 percent, as compared to New York State's unemployment rate of 4.4 percent and the national unemployment rate of 3.8 percent. These factors are considered in preparing the Town's budget.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Supervisor's Office, 1554 Main Street, Pleasant Valley, NY 12569.

BASIC FINANCIAL STATEMENTS

TOWN OF PLEASANT VALLEY, NEW YORK
Statement of Net Position
December 31, 2024

	<u>Primary Government Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 7,443,951
Restricted cash and cash equivalents	3,311,450
Receivables	106,495
Intergovernmental receivables	578,201
Prepaid items	42,095
Capital assets not being depreciated	1,662,754
Capital assets, net of accumulated depreciation	<u>6,874,235</u>
Total assets	<u>20,019,181</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pensions	<u>550,775</u>
Total deferred outflows of resources	<u>550,775</u>
LIABILITIES	
Accounts payable	75,146
Accrued liabilities	175,257
Unearned revenue	32,086
Noncurrent liabilities:	
Due within one year	3,652
Due within more than one year	<u>1,336,917</u>
Total liabilities	<u>1,623,058</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to pensions	<u>310,120</u>
Total deferred inflows of resources	<u>310,120</u>
NET POSITION	
Net investment in capital assets	8,536,989
Restricted for:	
Capital improvements	2,755,180
Equipment	437,443
Compensated absences	40,344
Recreation	44,244
Unrestricted	<u>6,822,578</u>
Total net position	<u>\$ 18,636,778</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF PLEASANT VALLEY, NEW YORK
Statement of Activities
Year Ended December 31, 2024

Function/Program	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Capital Grants and Contributions	Revenue and Changes in Net Position
				Primary Governmental Activities
Primary government:				
Governmental activities:				
General government support	\$ 1,697,967	\$ 140,571	\$ -	\$ (1,557,396)
Public safety	131,587	445,200	-	313,613
Health	592,866	24,197	-	(568,669)
Transportation	1,706,012	33,109	486,354	(1,186,549)
Economic assistance and opportunity	9,648	-	-	(9,648)
Culture and recreation	705,575	161,077	757,495	212,997
Home and community services	433,971	145,690	-	(288,281)
Interest and other fiscal charges	386	-	-	(386)
Total primary government	<u>\$ 5,278,012</u>	<u>\$ 949,844</u>	<u>\$ 1,243,849</u>	<u>(3,084,319)</u>
General revenues:				
Property taxes and tax items				2,558,829
Non-property tax items				1,165,236
Use of money and property				474,723
Sale of property and compensation for loss				19,984
Miscellaneous				113,920
Unrestricted state aid				287,853
Total general revenues				<u>4,620,545</u>
Change in net position				1,536,226
Net position—beginning, as previously stated				11,250,412
Restatement				5,850,140
Net position—beginning, as restated (see Note 2)				<u>17,100,552</u>
Net position—ending				<u>\$ 18,636,778</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF PLEASANT VALLEY, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2024

	General	Highway	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 5,089,901	\$ 2,315,837	\$ -	\$ 38,213	\$ 7,443,951
Restricted cash and cash equivalents	2,056,385	458,422	796,643	-	3,311,450
Receivables	102,622	3,873	-	-	106,495
Intergovernmental receivables	243,016	335,185	-	-	578,201
Prepaid items	25,620	16,475	-	-	42,095
Total assets	<u>\$ 7,517,544</u>	<u>\$ 3,129,792</u>	<u>\$ 796,643</u>	<u>\$ 38,213</u>	<u>\$ 11,482,192</u>
LIABILITIES					
Accounts payable	\$ 36,509	\$ 31,412	\$ 2,153	\$ 5,072	\$ 75,146
Accrued liabilities	107,890	67,367	-	-	175,257
Unearned revenue	32,086	-	-	-	32,086
Total liabilities	<u>176,485</u>	<u>98,779</u>	<u>2,153</u>	<u>5,072</u>	<u>282,489</u>
FUND BALANCES					
Nonspendable	25,620	16,475	-	-	42,095
Restricted	2,024,299	458,422	794,490	-	3,277,211
Assigned	992,409	2,556,116	-	33,141	3,581,666
Unassigned	4,298,731	-	-	-	4,298,731
Total fund balances	<u>7,341,059</u>	<u>3,031,013</u>	<u>794,490</u>	<u>33,141</u>	<u>11,199,703</u>
Total liabilities and fund balances	<u>\$ 7,517,544</u>	<u>\$ 3,129,792</u>	<u>\$ 796,643</u>	<u>\$ 38,213</u>	<u>\$ 11,482,192</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF PLEASANT VALLEY, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
December 31, 2024

Amounts reported for governmental activities in the statement of net position (page 11) are different because:

Total fund balances—governmental funds (page 13)	\$ 11,199,703	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The cost of the assets is \$12,276,489 and the accumulated depreciation is \$3,739,500.		8,536,989
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to employer contributions	\$ 126,285	
Deferred outflows related to experience, changes of assumptions, and changes in proportion	424,490	
Deferred inflows related to pension plans	<u>(310,120)</u>	240,655
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effects of these items are:		
Compensated absences	\$ (36,519)	
OPEB obligation	(774,672)	
Net pension liability	<u>(529,378)</u>	<u>(1,340,569)</u>
Net position of governmental activities		<u>\$ 18,636,778</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF PLEASANT VALLEY, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds
Year Ended December 31, 2024

	General	Highway	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Real property taxes and tax items	\$ 404,649	\$ 1,643,446	\$ -	\$ 510,734	\$ 2,558,829
Non-property tax items	1,165,236	-	-	-	1,165,236
Departmental income	293,939	23,757	-	24,197	341,893
Use of money and property	319,494	137,697	14,052	3,480	474,723
Licenses and permits	153,399	1,600	-	-	154,999
Fines and forfeitures	452,952	-	-	-	452,952
Sale of property and compensation for loss	14,326	5,658	-	-	19,984
Miscellaneous	81,965	31,955	-	-	113,920
State aid and local sources	287,853	335,185	-	-	623,038
Federal aid	908,664	-	-	-	908,664
Total revenues	<u>4,082,477</u>	<u>2,179,298</u>	<u>14,052</u>	<u>538,411</u>	<u>6,814,238</u>
EXPENDITURES					
Current:					
General government support	1,398,011	-	-	-	1,398,011
Public safety	107,834	-	-	-	107,834
Health	1,916	-	-	483,932	485,848
Transportation	132,588	2,326,219	-	-	2,458,807
Economic assistance and opportunity	7,906	-	-	-	7,906
Culture and recreation	1,183,729	-	-	-	1,183,729
Home and community services	299,079	-	-	56,556	355,635
Employee benefits	478,509	303,342	-	-	781,851
Debt service:					
Principal	7,784	-	-	-	7,784
Interest and other fiscal charges	386	-	-	-	386
Capital outlay	-	-	653,556	-	653,556
Total expenditures	<u>3,617,742</u>	<u>2,629,561</u>	<u>653,556</u>	<u>540,488</u>	<u>7,441,347</u>
Excess (deficiency) of revenues over expenditures	<u>464,735</u>	<u>(450,263)</u>	<u>(639,504)</u>	<u>(2,077)</u>	<u>(627,109)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	651,122	337,000	-	988,122
Transfers out	(988,122)	-	-	-	(988,122)
Total other financing sources (uses)	<u>(988,122)</u>	<u>651,122</u>	<u>337,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(523,387)</u>	<u>200,859</u>	<u>(302,504)</u>	<u>(2,077)</u>	<u>(627,109)</u>
Fund balances—beginning	<u>7,864,446</u>	<u>2,830,154</u>	<u>1,096,994</u>	<u>35,218</u>	<u>11,826,812</u>
Fund balances—ending	<u>\$ 7,341,059</u>	<u>\$ 3,031,013</u>	<u>\$ 794,490</u>	<u>\$ 33,141</u>	<u>\$ 11,199,703</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF PLEASANT VALLEY, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances—Governmental Funds to the Government-wide Statement of Activities
Year Ended December 31, 2024

Amounts reported for governmental activities in the statement of activities (page 12) are different because:

Net change in fund balances—total governmental funds (page 15) \$ (627,109)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays, exceeded depreciation expense in the current period.

Capital asset additions, net	\$ 3,069,083	
Depreciation expense	<u>(382,234)</u>	\$ 2,686,849

Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:

Town pension contributions	\$ (158,076)	
Cost of benefits earned, net of employee contributions	<u>70,845</u>	(87,231)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and related items is as follows:

Repayment of installment purchase debt	\$ 15,769	
Change in compensated absences	971	
Change in OPEB obligation	<u>(453,023)</u>	<u>(436,283)</u>

Change in net position of governmental activities \$ 1,536,226

The notes to the financial statements are an integral part of this statement.

TOWN OF PLEASANT VALLEY, NEW YORK
Statement of Fiduciary Net Position—Custodial Fund
December 31, 2024

	<u>Custodial Fund</u>
ASSETS	
Restricted cash and cash equivalents	\$ 9,893
Total assets	<u>9,893</u>
LIABILITIES	
Amounts held in custody for others	<u>9,893</u>
Total liabilities	<u>9,893</u>
NET POSITION	
Restricted for organizations	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF PLEASANT VALLEY, NEW YORK
Statement of Changes in Fiduciary Net Position—Custodial Fund
Year Ended December 31, 2024

	Custodial Fund
ADDITIONS	
Funds received on behalf of others	\$ 2,981
Total additions	2,981
DEDUCTIONS	
Funds distributed on behalf of others	2,981
Total deductions	2,981
Change in fiduciary net position	-
Net position—beginning	-
Net position—ending	\$ -

The notes to the financial statements are an integral part of this statement.

TOWN OF PLEASANT VALLEY, NEW YORK
Notes to the Financial Statements
Year Ended December 31, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Pleasant Valley, New York (the "Town") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, except that management has not recorded capital assets. The Governmental Accounting Standards Board (the "GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

Description of Government-Wide Financial Statements

The government-wide financial statements (i.e. statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. The Town reports no business-type activities. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Town reports no component units.

Reporting Entity

The Town was incorporated in 1821, under the provisions of the State of New York. The Town operates under a Town Board form of government, consisting of a Supervisor and four Councilmen or Councilwomen. The Supervisor serves as the Chief Executive Officer and as the Chief Fiscal Officer of the Town.

The following basic services are provided: highway maintenance, ambulance, planning, zoning, building and safety inspection, lighting and culture and recreation.

Independently elected officials of the Town consist of the following:

Supervisor	Town Clerk (1)
Councilmembers (4)	Town Justices (2)
Superintendent of Highways	

The Town is located in the County of Dutchess, New York. Public education is provided by one independent school district.

Basis of Presentation—Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds, and a fiduciary fund, even though the latter is excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Town's various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the Town's funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the Town and includes all operations not required to be recorded in other funds.
- *Highway Fund*—The Highway Fund is used to record all revenues and expenditures related to road maintenance and construction in the Town.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities.

The Town reports the following nonmajor governmental funds:

- *Ambulance District Fund*—The Ambulance District Fund is used to record all revenues and expenditures related to emergency operations.
- *Lighting District Fund*—The Lighting District Fund is used to record the revenues and expenditures related to the operation and maintenance of the lighting district in the Town. The principal source of revenue for the Lighting District Fund is real property taxes.

Additionally, the Town reports the following fund type:

Fiduciary Funds—These funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Fiduciary funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. Fiduciary funds include the *Custodial Fund*. Activities reported in the fiduciary fund include monies held on behalf of others.

During the course of operations the Town has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences, pensions, other postemployment benefits, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, non-property taxes, franchise taxes, licenses, interest and state and federal aid associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met and the amount is received during the period or within the period of availability. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and the amount is received during the period of availability. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Custodial Fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash, Cash Equivalents and Investments—The Town's cash and cash equivalents consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. Investments are recorded at fair value in accordance with GASB. As of December 31, 2024, the Town did not report any investments.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent amounts set aside for unearned revenue, to support restricted fund balance and capital projects, and amounts held on behalf of others based on externally imposed restrictions through debt and contractual agreements.

Intergovernmental Receivables—Receivables includes amounts due from state and federal governments represent amounts owed to the Town to reimburse it for expenditures incurred pursuant to state and federally funded programs. Receivables are recorded and revenues recognized as earned. Allowances are recorded when appropriate.

Prepaid Items—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

Capital Assets—Capital assets, which include land improvements, construction in progress, buildings, building improvements, infrastructure and machinery and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$25,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of its donation. Major outlays for capital assets and improvements are capitalized as projects are completed.

Land and construction in progress are not depreciated. The other capital assets of the Town are depreciated using a straight-line, over the following estimated useful lives:

Assets	Years
Land improvements	20
Buildings and improvements	20-40
Machinery and equipment	5-15
Infrastructure	20-40

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new highway vehicle included as part of *expenditures—transportation*). At times, amounts reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial 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(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2024, the Town has one item that qualifies for reporting in this category. This item represents the effect of the net change in the Town's proportion of the

collective net pension liability, the difference during the measurement period between the Town's contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension systems made subsequent to the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At December 31, 2024, the Town has one item that qualifies for reporting in this category. This item represents the effect of the net change in the Town's proportion of the collective net pension liability and the difference during the measurement periods between the Town's contributions and its proportionate share of the total contributions to the pension systems not included in pension expense and is reported on the government-wide statements.

Net Position Flow Assumption—Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions—Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. The Town Board is the highest level of decision-making authority for the Town that can, by Town Board resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes, but do not meet the criteria to be classified as committed. The Town Board may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

Program Revenues—The amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes—The Town submits an adopted budget for real property taxes to the Dutchess County Commissioner of Finance by the fifth day of December of the previous year. By December 28th each year, the Dutchess County Commissioner of Finance issues the Town its tax warrant for the subsequent year. Property taxes are levied and become a lien as of January 1st based on assessed property values as of that date.

The tax roll is returned to the Dutchess County Treasurer after March 31st at which time all unpaid taxes and penalties are payable to that office. The Town retains their full tax levies for all unpaid items that are returned to the County. Thus, the Town is assured of receiving 100% of its tax levy. The County enforces all liens.

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial statement purposes. At December 31, 2024, the Town reported unearned revenue within the General Fund of \$32,086.

Compensated Absences—Most Town employees are granted vacation and sick leave and earn compensatory absences in varying amounts. Vacations and compensatory absences must be used by the end of the fiscal year in which they are earned. Employees may accumulate sick leave, but they are not entitled to receive payment for unused sick leave in the event of termination or upon retirement.

Payment of sick leave and compensatory time is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of sick leave and compensatory time when such payment becomes due.

Pension Plans—The Town is mandated by New York State law to participate in the New York State Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 7.

Other Postemployment Benefits—In addition to providing pension benefits, the Town provides health insurance coverage and/or payments for fractional values of unused sick leave for certain retired employees upon of retirement as discussed in Note 8.

Other

Estimates—The preparation of the 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 amounts of revenues, expenditures, assets, liabilities, deferred outflows/inflows of resources, and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended December 31, 2024, the Town implemented the remainder of GASB Statement No. 99, *Omnibus 2022*; GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*; and GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 99 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53. GASB Statement No. 100 improves financial reporting by enhancing accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. GASB Statement No. 101 will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. The implementation of GASB Statements No. 99, 100, and 101 did not have a material impact on the Town's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The Town has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 102, *Certain Risk Disclosures*, effective for the year ending December 31, 2025; and No. 103, *Financial Reporting Model Improvements*; and No. 104, *Disclosure of Certain Capital Assets*, effective for the year ending December 31, 2026. The Town is, therefore, unable to disclose the impact that adopting GASB Statements No. 102, 103, and 104 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Legal Compliance—Budgets—The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to September 30th, the Town Supervisor files a “tentative” budget with the Town Clerk for the following fiscal year to commence on January 1st. This budget, which includes appropriations and estimated revenues, is then presented to the full Town Board by October 5th.
- The full Town Board reviews the tentative budget and may adjust same before approving a “preliminary” budget and calling for a public hearing, which is generally held in October.
- Following the public hearing, revisions may again be made by the Town Board before filing an adopted budget with Dutchess County by November 20th.
- During the fiscal year, the Town Board can legally amend the operating budgets and is empowered to implement supplemental appropriations. Budget amendments are required for the departmental budgetary control. Management may amend the budget within each function. All other budget amendments and budget transfers require Town Board approval.

2. RESTATEMENT OF NET POSITION

During the year ended December 31, 2024, the Town performed a physical inventory and valuation of its capital assets. As a result, the Town restated capital assets as of December 31, 2023. The effect of this restatement to the Town's governmental activities is shown below:

	Governmental Activities
Net position—December 31, 2023, as previously stated	\$ 11,250,412
Capital assets	<u>5,850,140</u>
Net position—December 31, 2023, as restated	<u>\$ 17,100,552</u>

3. CASH AND CASH EQUIVALENTS

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

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Town has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligation that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Cash and cash equivalents at December 31, 2024 are as follows:

	Governmental Funds	Fiduciary Fund	Total
Petty cash (uncollateralized)	\$ 420	\$ -	\$ 420
Deposits	<u>10,754,981</u>	<u>9,893</u>	<u>10,764,874</u>
Total	<u>\$ 10,755,401</u>	<u>\$ 9,893</u>	<u>\$ 10,765,294</u>

Deposits—All deposits are carried at fair value and are classified by custodial credit risk at December 31, 2024 as shown below:

	Bank Balance	Carrying Amount
FDIC insured	\$ 250,000	\$ 250,000
Uninsured:		
Collateral held by pledging bank's agent in the Town's name	<u>10,602,389</u>	<u>10,514,874</u>
Total	<u>\$ 10,852,389</u>	<u>\$ 10,764,874</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. As noted above, by State Statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2024, the Town's deposits

were either FDIC insured or collateralized with securities held by the pledging bank's agent in the Town's name.

Restricted Cash and Cash Equivalents—The Town reports restricted cash, totaling \$3,311,450, within its governmental funds. These funds are set aside for unearned revenue, to support restricted fund balance, and amounts held on behalf of others based on externally imposed restrictions through debt and contractual agreements. Additionally, the Town reports amounts held on behalf of others in the Custodial Fund, \$9,893, as restricted cash and cash equivalents.

Investments—At December 31, 2024, the Town reported no investments.

Concentration of Credit Risk—To promote competition in rates and service cost, and to limit the risk of institutional failure, Town deposits and investments are placed with multiple institutions.

Interest Rate Risk—In accordance with its investment policy, the Town manages exposures by limiting investments to low risk type investments governed by New York State statutes.

4. RECEIVABLES

Major revenues accrued by the Town at December 31, 2024 include:

Receivables—Represents amounts due from various sources. Receivables at December 31, 2024 are shown below:

General Fund:			
Court fees	\$	53,791	
Franchise fees		39,314	
Refuse fees		7,069	
Other		2,448	\$ 102,622
Highway Fund:			
Fuel reimbursement		3,873	
Total governmental funds			<u>\$ 106,495</u>

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York State, County of Dutchess, or other local governments. Intergovernmental receivables at December 31, 2024 are presented below:

General Fund:			
Due from Dutchess County	\$	243,016	
Highway Fund:			
Due from New York State		335,185	
Total governmental funds			<u>\$ 578,201</u>

5. CAPITAL ASSETS

	Balance 1/1/2024 (as restated)	Increases	Decreases	Balance 12/31/2024
Capital assets, not being depreciated:				
Construction in progress	\$ 1,016,437	\$ 646,317	\$ -	\$ 1,662,754
Total capital assets, not being depreciated	<u>1,016,437</u>	<u>646,317</u>	<u>-</u>	<u>1,662,754</u>
Capital assets, being depreciated:				
Land improvements	244,149	222,891	-	467,040
Buildings and improvements	1,712,172	45,311	-	1,757,483
Machinery and equipment	3,296,782	1,076,356	-	4,373,138
Infrastructure	2,937,866	1,078,208	-	4,016,074
Total capital assets, being depreciated	<u>8,190,969</u>	<u>2,422,766</u>	<u>-</u>	<u>10,613,735</u>
Less accumulated depreciation for:				
Land improvements	205,774	6,319	-	212,093
Buildings and improvements	535,983	34,357	-	570,340
Machinery and equipment	2,189,316	178,945	-	2,368,261
Infrastructure	426,193	162,613	-	588,806
Total accumulated depreciation	<u>3,357,266</u>	<u>382,234</u>	<u>-</u>	<u>3,739,500</u>
Total capital assets, being depreciated, net	<u>4,833,703</u>	<u>2,040,532</u>	<u>-</u>	<u>6,874,235</u>
Total capital assets, net	<u>\$ 5,850,140</u>	<u>\$ 2,686,849</u>	<u>\$ -</u>	<u>\$ 8,536,989</u>

6. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at December 31, 2024 were as follows:

	General Fund	Highway Fund	Total Governmental Funds
Salaries and employee benefits	\$ 107,890	\$ 67,367	\$ 175,257

7. PENSION PLAN

Plan Description and Benefits Provided

New York State and Local Employees' Retirement System ("ERS")—The Town participates in the New York State and Local ERS (the "System"). These are cost-sharing multiple-employer retirement systems. The System 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 assets and record changes in fiduciary 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. System benefits are established under the provisions of the New York State Retirement Social Security Law ("NYSRSSL"). 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 System is included in

the State's financial report as a pension trust fund. That report, including information with regards to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The system is noncontributory, except for employees who joined the ERS after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS), who generally contribute three percent (3%) to three and one half percent (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. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2024, the Town reported the following liability for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2024. The total pension liability used to calculate the net pension liability were determined by actuarial valuations as of April 1, 2023, with update procedures used to roll forward the total net pension liability to the measurement date. The Town's proportion of the net pension liability were based on projections of the Town'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 System in reports provided to the Town.

	ERS
Measurement date	March 31, 2024
Net pension liability	\$ 529,378
Town's portion of the Plan's total net pension liability	0.0035953%

For the year ended December 31, 2024, the Town recognized pension expense of \$245,131 for ERS. At December 31, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 170,512	\$ 14,435
Changes of assumptions	200,146	-
Net difference between projected and actual earnings on pension plan investments	-	258,598
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	53,832	37,087
Town contributions subsequent to the measurement date	126,285	-
Total	<u>\$ 550,775</u>	<u>\$ 310,120</u>

The Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>ERS</u>
2025	\$ (82,302)
2026	108,948
2027	150,521
2028	(62,797)

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 valuation used the following actuarial assumptions:

	<u>ERS</u>
Measurement date	March 31, 2024
Actuarial valuation date	April 1, 2023
Interest rate	5.90%
Salary scale	4.40%
Decrement tables	April 1, 2015- March 31, 2020
Inflation rate	2.90%
Cost-of-living adjustments	1.50%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. The actuarial assumptions used in the April 1, 2023 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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 each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below.

	<u>ERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
	<u>March 31, 2024</u>	
Measurement date		
Asset class:		
Domestic equity	32.0 %	4.0 %
International equity	15.0	6.7
Private equity	10.0	7.3
Real estate	9.0	4.6
Opportunistic/Absolute Return Strategy	3.0	5.3
Credit	4.0	5.4
Real assets	3.0	5.8
Fixed income	23.0	1.5
Cash	1.0	0.3
Total	<u>100.0 %</u>	

Discount Rate—The discount rate used to calculate the total pension liabilities was 5.9%. 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 chart below presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the Town’s proportionate share of the net pension liability would be if they were calculated using a discount rate that is one percentage-point lower (4.9%) or one percentage-point higher (6.9%) than the current assumption.

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer’s proportionate share of the net pension liability/(asset)—ERS	\$ 1,664,419	\$ 529,378	\$ (418,616)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liability of the employers as of the valuation date, are shown below:

	(Dollars in Thousands)
	ERS
Valuation date	April 1, 2023
Employers’ total pension liability	\$ 240,696,851
Plan fiduciary net position	225,972,801
Employers’ net pension liability	<u>\$ 14,724,050</u>
System fiduciary net position as a percentage of total pension liability	93.9%

8. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) LIABILITY

Plan Description—The Town administers the Town of Pleasant Valley Retiree Medical Plan (the “Plan”) as a single-employer defined benefit other postemployment benefit plan. The Plan provides for continuation of medical insurance benefits for certain retirees at the cost of the retirees. The plan can be amended by action of the Town subject to an applicable collective bargaining and employment agreements. The plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying the benefits under the plan.

Employees Covered by Benefit Terms—As of December 31, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Active employees	<u>17</u>
Total	<u>22</u>

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or "earned"), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability ("UAAL") under GASB Statement No. 45.

Total OPEB Liability

The Town's total OPEB liability of \$774,672 was measured as of December 31, 2024, and was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the December 31, 2024 actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. The actuarial assumptions included a valuation date of December 31, 2024. The discount rate remained at 4.00% as of December 31, 2024. Mortality rates are based on the PUB-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years. Turnover assumptions were derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees' Retirement System. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 5.80% for medical, while the ultimate healthcare cost trend rate is 4.10%.

Changes in the Total OPEB Liability—The following table presents the changes to the total OPEB liability during the fiscal year, by source:

	Total OPEB Liability
Balance at December 31, 2023	\$ 321,649
Changes for the year:	
Service cost	10,288
Interest	12,109
Changes of assumptions	(1,294)
Difference between expected and actual experience	492,490
Benefit payments	(60,570)
Net changes	453,023
Balance at December 31, 2024	\$ 774,672

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have an impact on the total OPEB liability. The table on the following page presents the effect a 1% change in the discount rate assumption would have on the total OPEB liability.

	1% Decrease (3.0%)	Current Discount Rate (4.0%)	1% Increase (5.0%)
Total OPEB liability	\$ 841,296	\$ 774,672	\$ 719,675

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the total OPEB liability of a 1% change in the initial (5.8%) and ultimate (4.1%) healthcare cost trend rates.

	1% Decrease (4.8% / 3.1%)	Current Healthcare Cost Trend Rates (5.8% / 4.1%)	1% Increase (6.8% / 5.1%)
Total OPEB liability	\$ 704,689	\$ 774,672	\$ 855,308

Funding Policy—Authorization for the Town to pay a portion of retiree health insurance premiums was enacted through various union contracts as specified above, which were ratified by the Town's Board. The Town recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. The Town contributed \$60,570 for the fiscal year ended December 31, 2024.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The Town may report deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective total OPEB liability are required to be determined. As of December 31, 2024, the Town reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

9. RISK MANAGEMENT

The Town is exposed to various risks of loss related to damage and destruction of assets, vehicle liability, injury to employees, health insurance and unemployment insurance. The Town purchases commercial insurance to cover such potential risks. There have not been any significant changes in any type of insurance coverage from the prior year, nor have there been any settlements which have exceeded commercial insurance coverage in the past three fiscal years.

The Town purchases insurance for: automobile, general and umbrella liability. Automobile insurance is limited to \$1 million per accident. The general liability insurance is limited to \$1 million per occurrence, and an aggregate \$3,000,000 limit for products-completed operations hazards and general liability aggregate. Public official liability is limited to \$1,000,000 per occurrence with a \$2,000,000 aggregate. Law enforcement liability is limited to \$1,000,000 per person, with a \$2,000,000 annual aggregate. The umbrella liability insurance includes an aggregate \$8 million limit that extends over all underlying liability limits listed above.

10. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as noncurrent liabilities in the statement of net position.

The Town's outstanding long-term liabilities include installment purchase debt, compensated absences, total OPEB liability and net pension liability.

A summary of changes in the Town's long-term liabilities for the year ended at December 31, 2024 is shown below:

	Balance 1/1/2024	Additions	Reductions	Balance 12/31/2024	Due Within One Year
Governmental activities:					
Installment purchase debt	\$ 15,769	\$ -	\$ 15,769	\$ -	\$ -
Compensated absences	37,490	9,944	10,915	36,519	3,652
Total OPEB liability	321,649	475,420	22,397	774,672	-
Net pension liability*	804,786	-	275,408	529,378	-
Total governmental activities	<u>\$ 1,179,694</u>	<u>\$ 485,364</u>	<u>\$ 324,489</u>	<u>\$ 1,340,569</u>	<u>\$ 3,652</u>

*Reductions to the net pension liability are shown net of additions.

Installment Purchase Debt—During the year ended December 31, 2024, the Town paid off two outstanding installment purchase debt agreements for various office equipment. The total outstanding balance at December 31, 2024 was \$0.

Compensated Absences—As described in Note 1, the Town records the value of compensated absences. The annual budgets of the respective funds for which the employees' payroll is recorded provide funding for these benefits as they become payable. The value recorded in the government-wide financial statements at December 31, 2024 for governmental activities is \$36,519. Since the payment of sick time is dependent upon many factors, the timing of future payments is not readily determinable; however, management estimates \$3,652 is due within one year.

OPEB Obligation—As explained in Note 8, the Town provides a portion of health care benefits for retirees. The Town's annual postemployment benefit ("OPEB") cost is calculated based on the annual required contributions of the employer, an amount determined in accordance with the parameters of GASB. The Town's long-term OPEB obligation is estimated to be \$774,672 at December 31, 2024.

Net Pension Liability—The Town reported a liability for its proportionate share of the net pension liability for the Local Employees' Retirement System. The total net pension liability is estimated to be \$529,378 in the governmental activities. Refer to Note 7 for additional information related to the Town's net pension liability.

A maturity schedule of the Town's indebtedness is presented below:

Year Ending December 31,	Compensated Absences	OPEB Obligation	Net Pension Liability	Total
2025	\$ 3,652	\$ -	\$ -	\$ 3,652
2026-thereafter	32,867	774,672	529,378	1,336,917
Total	\$ 36,519	\$ 774,672	\$ 529,378	\$ 1,340,569

11. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets**—This category groups all capital assets including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. A reconciliation of the Town's governmental activities net investment in capital assets is presented below:

Capital assets, net of accumulated depreciation	\$ 8,536,989
Net investment in capital assets	<u>\$ 8,536,989</u>

- **Restricted Net Position**—This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position**—This category represents the net position of the Town not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the Town at December 31, 2024 includes:

- **Prepaid Items**—Represents amounts prepaid that are applicable to future accounting periods. The General and Highway Funds reported amounts of \$25,620 and \$16,475, respectively, at December 31, 2024.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. At December 31, 2024, the Town reported the following restricted fund balances:

- **Restricted for Capital Improvements**—Represents funds of \$1,960,690 and \$794,490 within the General Fund and Capital Projects Fund, respectively, set aside for future projects and building renovation and repairs expenditures.
- **Restricted for Equipment**—Represents funds of \$437,443 within the Highway Fund set aside for future equipment expenditures.

- **Restricted for Compensated Absences**—Represents funds of \$19,365 and \$20,979 within the General Fund and Highway Fund, respectively, set aside for employee benefits due to an employee upon termination of the employee’s service.
- **Restricted for Recreation**—Represents funds set aside for recreation activities for \$44,244 within the General Fund.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the Town’s highest level of decision-making authority. At December 31, 2024, the Town reported no committed fund balance.

In the fund financial statements, assignments are not legally required segregations but are segregated for a specific purpose by the Town. At December 31, 2024, the Town reported fund balance assignments as shown below:

	Subsequent Year’s Expenditures	Capital Improvement	Equipment	Specific Use	Total Assigned
General Fund	\$ -	\$ 921,700	\$ 70,709	\$ -	\$ 992,409
Highway Fund	300,000	-	-	2,256,116	2,556,116
Nonmajor governmental funds	-	-	-	33,141	33,141
Total	\$ 300,000	\$ 921,700	\$ 70,709	\$ 2,289,257	\$ 3,581,666

- **Assigned to Subsequent Year’s Expenditures**—Represents available fund balance being appropriated to meet expenditures requirements in the 2025 fiscal year.
- **Assigned to Capital Improvements**—Represents funds set aside for future building renovations and various improvements throughout the Town.
- **Assigned to Equipment**—Represents amounts that are assigned for future purchases of various equipment.
- **Assigned to Specific Use**—Represents remaining fund balance within the special revenue funds that is assigned for a specific purpose. The assignments’ purpose relates to each fund’s operations and represent the remaining amounts within funds that are not restricted or committed.

If the Town must use funds for emergency expenditures, the Board shall authorize the Supervisor to expend funds first from funds classified under GASB as nonspendable (if the funds become available) then restricted funds. The use of committed and assigned funds as classified by GASB will occur after the exhaustion of available restricted funds. Finally, if no other funds are available, the Town will use unassigned fund balance.

12. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are generally short-term in nature and exist because of temporary advances or payments made on behalf of other funds. The Town does not report any interfund receivables or payables at December 31, 2024.

The outstanding balances between the funds result from payments made on behalf of the other fund or temporary advances. All of these balances are expected to be collected/paid within the subsequent year. The Town made the following transfers during the year ended December 31, 2024:

Fund	Highway Fund	Capital Projects Fund	Total
Transfers out:			
General Fund	\$ 651,122	\$ 337,000	\$ 988,122
Total	<u>\$ 651,122</u>	<u>\$ 337,000</u>	<u>\$ 988,122</u>

Transfers are used primarily to finance various projects including, highway improvements, building improvements and upgrades to various culture and recreation facilities.

13. LABOR CONTRACTS

Certain Town employees are represented by one bargaining unit, with the balance governed by Town Board rules and regulations. The International Brotherhood of Teamsters, Local 456 has a negotiated contract in place through December 31, 2027.

14. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations. The Town considers encumbrances significant if they are in excess of \$50,000. At December 31, 2024, the Town did not report any encumbrances.

15. CONTINGENCIES

Grants—In the normal course of operations, the Town receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of any expenditures which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

Litigation—The Town is involved in litigation in the ordinary course of its operations. Various legal actions are pending against the Town. The outcome of these matters is not presently determinable, but in the opinion of management, the ultimate liability will not have a material adverse effect on the Town's financial condition or results of operations.

Assessments—The Town is a defendant in various litigation under Article 7 of the Real Property Tax Law of the State of New York to review tax assessments. While the Town vigorously defends assessments, the likelihood of success is on a case by case basis, and is dependent upon various factors including market values and appraised amounts. Management believes that the level of potential losses on these cases, if any, would be immaterial and no provisions have been made within the financial statements.

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 26, 2025, which is the date the financial statements are available for issuance, and have determined, except as noted in the paragraph below, there are no subsequent events that require disclosure under generally accepted accounting principles.

On May 30, 2025, the Town issued \$4,632,247 in BANs with an interest rate of 4.00 percent for the construction of improvements to and reconstruction of the new Town Hall. The BANs mature on May 29, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF PLEASANT VALLEY, NEW YORK
Schedule of the Town's Proportionate Share of the
Net Pension Liability/(Asset)—Employees' Retirement System
Last Ten Fiscal Years

	Year Ended December 31.									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Town's proportionate share of the net pension liability (asset)	0.0035953%	0.0037530%	0.00312250%	0.0024318%	0.0021714%	0.0024668%	0.0023273%	0.0024505%	0.0027864%	0.0029333%
Town's proportionate share of the net pension liability (asset)	\$ 529,378	\$ 804,786	\$ 255,250	\$ 2,421	\$ 574,992	\$ 174,778	\$ 75,111	\$ 230,256	\$ 447,230	\$ 99,094
Town's covered payroll	\$ 1,674,472	\$ 1,522,663	\$ 1,456,461	\$ 1,139,806	\$ 783,672	\$ 794,896	\$ 1,180,768	\$ 1,198,877	\$ 1,164,372	\$ 1,125,856
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	31.6%	52.9%	17.5%	0.2%	73.4%	22.0%	6.4%	19.2%	38.4%	8.8%
Plan fiduciary net position as a percentage of the total pension liability	93.9%	90.8%	103.7%	100.00%	86.4%	96.3%	98.2%	90.7%	90.7%	98.0%

TOWN OF PLEASANT VALLEY, NEW YORK
Schedule of the Town's Contributions—
Employees' Retirement System
Last Ten Fiscal Years

	Year Ended December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 158,076	\$ 121,917	\$ 112,017	\$ 105,540	\$ 108,802	\$ 116,396	\$ 115,782	\$ 123,395	\$ 149,327	\$ 183,595
Contribution in relation to the contractually required contribution	(158,076)	(121,917)	(112,017)	(105,540)	(108,802)	(116,396)	(115,782)	(123,395)	(149,327)	(183,595)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 1,767,529	\$ 1,641,184	\$ 1,551,470	\$ 1,347,861	\$ 783,672	\$ 794,896	\$ 1,180,768	\$ 1,198,877	\$ 1,164,372	\$ 1,125,856
Contributions as a percentage of covered payroll	8.9%	7.4%	7.9%	7.8%	13.9%	14.7%	9.8%	10.3%	12.8%	16.3%

TOWN OF PLEASANT VALLEY, NEW YORK
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios
Last Three Fiscal Years*

Total OPEB Liability	2024	2023	2022
Service Cost	\$ 10,288	\$ 10,288	\$ -
Interest	12,109	14,854	2,741
Changes of assumptions	(1,294)	6,339	(50,293)
Differences between expected and actual experience	492,490	(16,331)	314,553
Benefit payments	<u>(60,570)</u>	<u>(55,109)</u>	<u>(54,170)</u>
Net change in total OPEB liability	453,023	(39,959)	212,831
Total OPEB liability—beginning	<u>321,649</u>	<u>361,608</u>	<u>148,777</u>
Total OPEB liability—ending	<u>\$ 774,672</u>	<u>\$ 321,649</u>	<u>\$ 361,608</u>
Plan Fiduciary Net Position			
Contributions—employer	\$ 60,570	\$ 55,109	\$ 54,170
Benefit payments	<u>(60,570)</u>	<u>(55,109)</u>	<u>(54,170)</u>
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position—beginning	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's net OPEB liability—ending	<u>\$ 774,672</u>	<u>\$ 321,649</u>	<u>\$ 361,608</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 1,287,710	\$ 1,142,356	\$ 1,084,108
Total OPEB liability as a percentage of covered-employee payroll	60.2%	28.2%	33.4%

*Information prior to the year ended December 31, 2022 is not available.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF PLEASANT VALLEY, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—General Fund
Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Real property taxes and tax items	\$ 389,945	\$ 389,945	\$ 404,649	\$ 14,704
Non-property tax items	986,800	986,800	1,165,236	178,436
Departmental income	277,500	310,465	293,939	(16,526)
Use of money and property	100,000	177,892	319,494	141,602
Licenses and permits	138,000	140,402	153,399	12,997
Fines and forfeitures	535,100	542,100	452,952	(89,148)
Sale of property and compensation for loss	6,500	6,500	14,326	7,826
Miscellaneous	65,422	71,422	81,965	10,543
State aid and local sources	340,000	342,147	287,853	(54,294)
Federal aid	-	908,664	908,664	-
Total revenues	2,839,267	3,876,337	4,082,477	206,140
EXPENDITURES				
Current:				
General government support	1,338,848	1,501,003	1,398,011	102,992
Public safety	110,325	112,138	107,834	4,304
Health	1,913	1,917	1,916	1
Transportation	132,328	133,278	132,588	690
Economic assistance and opportunity	7,000	9,064	7,906	1,158
Culture and recreation	440,476	1,205,510	1,183,729	21,781
Home and community services	260,565	312,999	299,079	13,920
Employee benefits	539,512	556,007	478,509	77,498
Debt service:				
Principal	7,900	7,900	7,784	116
Interest and other fiscal charges	400	400	386	14
Total expenditures	2,839,267	3,840,216	3,617,742	222,474
Excess (deficiency) of revenues over expenditures	-	36,121	464,735	428,614
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(988,122)	(988,122)	-
Total other financing sources (uses)	-	(988,122)	(988,122)	-
Net change in fund balances*	-	(952,001)	(523,387)	428,614
Fund balances—beginning	7,864,446	7,864,446	7,864,446	-
Fund balances—ending	\$ 7,864,446	\$ 6,912,445	\$ 7,341,059	\$ 428,614

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF PLEASANT VALLEY, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Highway Fund
Year Ended December 31, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes	\$ 1,643,446	\$ 1,643,446	\$ 1,643,446	\$ -
Departmental income	20,000	20,000	23,757	3,757
Use of money and property	20,000	40,747	137,697	96,950
Licenses and permits	1,000	1,000	1,600	600
Sale of property and compensation for loss	-	-	5,658	5,658
Miscellaneous	20,906	20,907	31,955	11,048
State aid and local sources	331,540	335,185	335,185	-
Total revenues	<u>2,036,892</u>	<u>2,061,285</u>	<u>2,179,298</u>	<u>118,013</u>
EXPENDITURES				
Current:				
Transportation	\$ 1,721,492	\$ 2,728,650	\$ 2,326,219	\$ 402,431
Employee benefits	315,400	336,163	303,342	32,821
Total expenditures	<u>2,036,892</u>	<u>3,064,813</u>	<u>2,629,561</u>	<u>435,252</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(1,003,528)</u>	<u>(450,263)</u>	<u>553,265</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	651,122	651,122
Transfers out	(100,000)	-	-	-
Total other financing sources (uses)	<u>(100,000)</u>	<u>-</u>	<u>651,122</u>	<u>651,122</u>
Net change in fund balances *	(100,000)	(1,003,528)	200,859	1,204,387
Fund balances—beginning	<u>2,830,154</u>	<u>2,830,154</u>	<u>2,830,154</u>	<u>-</u>
Fund balances—ending	<u>\$ 2,730,154</u>	<u>\$ 1,826,626</u>	<u>\$ 3,031,013</u>	<u>\$ 1,204,387</u>

* The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance.

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF PLEASANT VALLEY, NEW YORK
Notes to the Required Supplementary Information
Year Ended December 31, 2024

1. OPEB LIABILITY

Changes of Assumptions—Significant changes in assumptions reflect the effects of changes in the discount rate. The discount rate is based on the Entry Age Normal Actuarial Cost Method as of the measurement date, which remained at 4.00% at December 31, 2024. Finally, the healthcare cost trend rate used is 5.8%, while the ultimate healthcare cost trend rate is 4.1%.

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America for all governmental funds, with the exception of the Capital Projects Fund. The Capital Projects Fund is appropriated on a project-length basis; appropriations are approved through Town Board resolution at the project's inception and lapse upon termination of the project.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations require the approval of the Town Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the functional classification. Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances.

Actual results of operations presented in accordance with GAAP and the Town's accounting policies do not recognize encumbrances and restricted fund balance as expenditures until the period in which the actual goods or services are received and a liability is incurred. Encumbrances are only reported on the balance sheet of the governmental funds included within restricted, committed or assigned fund balance. Significant encumbrances, if any, are disclosed in the notes to the financial statements.

SUPPLEMENTARY INFORMATION

TOWN OF PLEASANT VALLEY, NEW YORK
Combining Balance Sheet—
Nonmajor Governmental Funds
December 31, 2024

	Ambulance District	Lighting District	Total Nonmajor Funds
ASSETS			
Cash and cash equivalents	\$ 19,729	\$ 18,484	\$ 38,213
Total assets	<u>\$ 19,729</u>	<u>\$ 18,484</u>	<u>\$ 38,213</u>
LIABILITIES			
Accounts payable	\$ -	\$ 5,072	\$ 5,072
Total liabilities	<u>-</u>	<u>5,072</u>	<u>5,072</u>
FUND BALANCES			
Assigned	<u>19,729</u>	<u>13,412</u>	<u>33,141</u>
Total fund balances	<u>19,729</u>	<u>13,412</u>	<u>33,141</u>
Total liabilities and fund balances	<u>\$ 19,729</u>	<u>\$ 18,484</u>	<u>\$ 38,213</u>

TOWN OF PLEASANT VALLEY, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—
Nonmajor Governmental Funds
Year Ended December 31, 2024

	Ambulance District	Lighting District	Total Nonmajor Funds
REVENUES			
Real property taxes	\$ 459,234	\$ 51,500	\$ 510,734
Departmental income	24,197	-	24,197
Use of money and property	2,942	538	3,480
Total revenues	486,373	52,038	538,411
EXPENDITURES			
Current:			
Health	483,932	-	483,932
Home and community services	-	56,556	56,556
Total expenditures	483,932	56,556	540,488
Excess (deficiency) of revenues over expenditures	2,441	(4,518)	(2,077)
Net change in fund balances	2,441	(4,518)	(2,077)
Fund balances—beginning	17,288	17,930	35,218
Fund balances—ending	\$ 19,729	\$ 13,412	\$ 33,141



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**INDEPENDENT AUDITORS' 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**

Honorable Town Board
Town of Pleasant Valley, New York:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Pleasant Valley, New York (the "Town") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated September 26, 2025 (which report includes an emphasis of matter paragraph regarding a restatement of net position for capital assets).

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting ("internal control") as a basis for designing 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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 Town'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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as item 2024-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 financial statements. 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 that are required to be reported under *Government Auditing Standards*.

Town's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dauscher & Malecki LLP

September 26, 2025

TOWN OF PLEASANT VALLEY, NEW YORK
Schedule of Findings
Year Ended December 31, 2024

We consider the deficiency presented below to be a significant deficiency in internal control.

Finding 2024-001—Segregation of Duties

Criteria: Internal control standards, require adequate segregation of duties to reduce the risk of misstatement. Key functions such as preparation, posting, and review of journal entries should not be performed by the same individual.

Condition and Context: We noted that the same individual is responsible for preparing and posting journal entries. Also, there is not a consistent process in place for an adequate review of journal entries to ensure the accuracy and appropriateness of these transactions.

Cause: Due to limited staffing resources, management has assigned multiple critical accounting responsibilities to one individual without a consistent process in place for compensating oversight controls.

Effect or Potential Effect: The concentration of these duties increases the risk that errors or irregularities, whether intentional or unintentional, could occur and remain undetected. While no material misstatements were identified as a result of this condition, the control risk is important enough to be considered a significant deficiency in internal control.

Recommendation: We recommend the Town implement compensating controls to mitigate the risk associated with the lack of segregation of duties surrounding journal entries. Additionally, the Town's current journal entry policy should be updated to reflect the current procedures of preparing, posting and reviewing journal entries.

Management's View and Corrective Action Plan: The Town has implemented procedures for the Town Supervisor to review and approve all journal entries. Each journal entry will be required to have adequate supporting documentation and the Town's accounting system will track which individuals have prepared and approved each journal entry. The Town Board plans to fill the position of Account Clerk in the bookkeeping office in the near future.