Town of Putnam Valley, New York

Financial Statements and
Supplementary Information

Year Ended December 31, 2025

Town of Putnam Valley, New York

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

The Honorable Supervisor and Town Board of
the Town of Putnam 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 Putnam Valley, New York ("Town") as of and for the year ended December 31, 2025, 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 referred to above 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, 2025, and the respective changes in financial position and the respective budgetary comparison for the General, Highway and Special Districts Funds 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,* 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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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 auditors' 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 *Government Auditing Standards* 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 *Government Auditing Standards*, 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 judgement, 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 Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying 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 combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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 combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are 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 June 29, 2026 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 the Town's 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.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Harrison, New York
June 29, 2026

Town of Putnam Valley, New York

Management's Discussion and Analysis (MD&A)
December 31, 2025

Introduction

The following discussion and analysis of the Town of Putnam Valley, New York's ("Town") financial statement provides an overview of the financial activities of the Town of Putnam Valley for the year ended December 31, 2025. Please read in conjunction with the basic financial statements and the accompanying "Notes to the Financial Statements" that follow this section.

Financial Highlights

Key financial highlights for fiscal year ended December 31, 2025 are as follows:

- On the government-wide financial statements, the liabilities and deferred inflows of resources of the Town exceeded its assets and deferred outflows of resources (the Net Position) by $5,847,736, a net decrease in the deficit year over year of $4,224,059. Total Assets increased by $6,410,073, due primarily to an increase of State and Federal Aid and Capital Assets. Liabilities also increased, by $3,702,262, but the Deferred Inflows of Resources (in all categories) offset this by $3,136,412. This is reflected in the increase in Net Investment in Capital Assets of $1,585,349, aided by the unrestricted portion of Total Net Position (amounts available to meet ongoing obligations of the Town) that improved by $2,732,384. It should be emphasized that in large part, this cumulative deficit is attributable to the accrual of certain operating liabilities pursuant to various Governmental Accounting Standards Board ("GASB") pronouncements discussed below. These obligations will be satisfied *in future years*, including borrowings for judgements and claims, compensated absences, net pension liabilities and other post-employment benefit ("OPEB") obligations.

- For the year ended December 31, 2025, the Town continues to report the provisions of GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("OPEB")".* This Statement addresses accounting and financial reporting for OPEB by establishing standards for recognizing and measuring liabilities, deferred outflows/inflows of resources and expenses/expenditures. It identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to the periods of employee service. This Statement supersedes the provisions of GASB No. 45, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions"*. Under current New York State law, entities must now report their *total* OPEB liability as opposed to the *net* OPEB liability that had been reported under the prior standard under GASB No. 45.

- In addition to the impact of the Town's OPEB obligations, the government-wide financial statements for the year ended December 31, 2025, are also significantly impacted by the provisions of GASB No. 68, "*Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*". This pronouncement established accounting and financial reporting requirements associated with the Town's participation in the cost sharing multiple employer pension plans administered by the New York State and Local Employees' Retirement System ("ERS"). Under these new standards, cost sharing employers are required to report in their government-wide financial statements a net pension liability (asset), pension expense and pension related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all of the municipalities and school districts in the plan. At December 31, 2025, the Town reported in its Statement of Net Position a liability of $2,151,189, an increase of $228,876, for its proportionate share of the ERS net pension liabilities (Note: the Town does not participate in the PFRS). More detailed information about the Town's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in Note 3 in the "Notes to Financial Statements".

- The Town's governmental funds combined ending fund balances at December 31, 2025 were $4,723,683, a decrease of $100,801 over the prior year. The total unassigned fund balances for governmental funds is ($1,878,684) at December 31, 2025.

- At the end of the current fiscal year, the unassigned fund balance for the General Fund was $2,382,490 or 35.8% of the total General Fund expenditures and other financing uses.

- During the year ended December 31, 2025, the Town retired $1,049,000 of long and short term debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes other supplementary information as listed in the table of contents.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide the 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 the Town's total assets, liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, the increases or decreases in net position may serve as a useful indicator of whether the Town's financial position is improving or deteriorating.

The *statement of activities* presents 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 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 (for example, earned but unused vacation leave and OPEB).

The *government-wide financial statements* distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues for governmental services. The governmental activities of the Town include: general government support, public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and interest.

The *government-wide financial statements* can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the Town funds can be divided into two categories: Governmental Funds and Fiduciary 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 governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the 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 statements of revenues, expenditures and changes in fund balances for the General Fund, Highway Fund, Special Districts Fund, Special Purpose Fund, and Capital Projects Fund since they are all classified as major funds.

The Town adopts an annual appropriations budget for its General Fund, Highway Fund, Special District Fund. A budgetary comparison statement has been provided for these funds within the basic financial statements to demonstrate compliance with the respective budgets.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of these funds are not available to support the Town's programs. The Town maintains a Custodial Fund which is used to account for real property taxes collected from other governments.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

Notes to the Financial Statements

The Notes to the Financial Statements 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 are located following the basic financial statements of this report.

Other Information

Additional statements and schedules can be found immediately following the Notes to the Financial Statements, including schedules of budgets to actual comparisons.

Government-wide Financial Analysis

As noted earlier, net position and changes to net position may serve over time as a useful indicator of the Town's financial position. The Town's Net Position at fiscal year-end December 31, 2025 was ($5,847,736). $493,495 of the Town's net position is restricted for various purposes (debt service, parklands and special purpose) while net investment in capital assets was $8,664,487, which reflects its investment in capital assets, 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 its 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 capital assets themselves cannot be used to liquidate these liabilities.

Net Position

	December 31		
	2025	2024	VARIANCE
Current Assets	$ 16,792,204	$ 15,635,366	$ 1,156,838
Capital Assets, net	18,261,756	13,008,521	5,253,235
Total Assets	35,053,960	28,643,887	6,410,073
Deferred Outflows of Resources	4,566,244	6,186,408	(1,620,164)
Current Liabilities	11,937,247	10,963,401	973,846
Long-Term Liabilities	27,312,040	24,583,624	2,728,416
Total Liabilities	39,249,287	35,547,025	3,702,262
Deferred Inflows of Resources	6,218,653	9,355,065	(3,136,412)
NET POSITION			
Net Investment in Capital Assets	8,664,487	7,079,138	1,585,349
Restricted	493,495	587,169	(93,674)
Unrestricted	(15,005,718)	(17,738,102)	2,732,384
Total Net Position	$ (5,847,736)	$ (10,071,795)	$ 4,224,059

The restricted net position of $493,495 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, which is a deficit of $15,005,718, must be financed from future operations. This deficit does not mean that the Town does not have resources available to meet its obligations in the ensuing year. Rather, it is the result of having long-term commitments, including compensated absences ($462,509), net Pension Liability – ERS ($2,151,189), total pension liability – length of service awards program ($2,980,883) and other postemployment benefit obligations ($18,712,429) that are greater than currently available resources. Payments for these liabilities will be budgeted in the year that the actual payment will be made.

A summary of the Town's changes in net position, at December 31, 2025 is as follows:

	December 31		
	2025	2024	VARIANCE
REVENUES			
Program Revenues			
Charges for Services	$ 1,875,065	$ 1,833,500	$ 41,565
Operating grants and contributions	1,245,836	2,007,157	(761,321)
Capital grants and contributions	2,347,549	526,089	1,821,460
General Revenues			
Property taxes	12,395,210	12,019,692	375,518
Other tax items	83,433	87,566	(4,133)
Non-property taxes	141,798	139,615	2,183
Unrestricted use of money and property	486,969	706,426	(219,457)
Unrestricted state aid	436,607	321,820	114,787
Insurance recoveries	-	11,778	(11,778)
Miscellaneous	15,905	107	15,798
Total Revenues	19,028,372	17,653,750	1,374,622
PROGRAM EXPENSES			
General government support	2,760,786	3,684,171	(923,385)
Public Safety	2,426,478	2,295,541	130,937
Health	307,912	306,875	1,037
Transportation	5,907,897	5,925,988	(18,091)
Economic opportunity and development	9,904	15,675	(5,771)
Culture and recreation	2,680,507	2,780,291	(99,784)
Home and Community Service	279,238	4,546,829	(4,267,591)
Interest	431,591	471,108	(39,517)
Total Expenses	14,804,313	20,026,478	(5,222,165)
Change in Net Position	4,224,059	(2,372,728)	6,596,787
NET POSITION			
Beginning, as reported	(10,071,795)	(7,483,385)	2,588,410
Cumulative Effect of Change in Accounting Principle	-	(215,682)	(215,682)
Beginning, as restated	(10,071,795)	(7,699,067)	2,372,728
Ending	$ (5,847,736)	$ (10,071,795)	$ 4,224,059

The Town's financial position improved during 2025, with governmental activities increasing net position by $4,224,059. This improvement was primarily attributable to higher capital grants and contributions, a significant reduction in home and community services expenses compared to the prior year, and an increase in capital assets related to infrastructure and other capital project activity.

Capital grants and contributions increased by $1,821,460, from $526,089 in 2024 to $2,347,549 in 2025. The increase was primarily related to funding recognized for capital project activity, including infrastructure and home and community services projects. These revenues helped offset the cost of capital improvements and contributed to the overall increase in net position.

Home and community services expenses decreased by $4,267,591, from $4,546,829 in 2024 to $279,238 in 2025. The decrease reflects the significant capital and storm-related activity recognized in the prior year, which did not recur at the same level in 2025. As a result, total governmental activities expenses decreased from $20,026,478 in 2024 to $14,804,313 in 2025.

Capital assets, net of accumulated depreciation, increased by $5,253,235, from $13,008,521 at December 31, 2024 to $18,261,756 at December 31, 2025. The increase was primarily due to additions to road infrastructure, other infrastructure, construction-in-progress, and machinery and equipment, partially offset by depreciation expense. The Town continues to use these capital assets to provide services to residents; therefore, these assets are not available for future spending.

Overall, total net position improved by $4,224,059, from a deficit of $10,071,795 at December 31, 2024 to a deficit of $5,847,736 at December 31, 2025. Although the Town continues to report an unrestricted net position deficit, the improvement in total net position reflects the positive impact of capital grant funding, reduced expenses, and continued investment in the Town's capital asset base.

For the fiscal year ended December 31, 2025, revenues for governmental activities totaled $19,028,372. Tax revenues of $12,620,441, comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue sources (66.32%). Collection of the current tax levy remains (very strong) at 100% (Putnam County pays the local warrant in full).

Governmental activities (expenses) of the Town for the fiscal year ended December 31, 2025 totaled $14,804,313. The major expenditure categories are transportation (39.91%), general government support (18.65%), culture and recreation (18.11%) and Public Safety (16.39%).

Financial Analysis of the Town's Funds

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

Governmental Funds - 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 it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Town itself, or an individual that has been delegated authority to assign resources for use for particular purposes by the Town Board.

The Town's governmental funds reported total fund balances of $4,723,683 at December 31, 2025. The unassigned portion was $(1,878,684). The remainder of the fund balance, $6,602,367, is classified as: (A) non-spendable - not in spendable form or legally or contractually required to be maintained intact; (B) restricted - when constraints have been placed on the use of resources by obligation or legislation; or (C) assigned - amounts which have been constrained by the authority of the governing board. This includes amounts that have been designated for balancing the subsequent year's budget and encumbrances and are not available for new spending, because they have been committed to: to liquidating prior year contracts and purchase orders, liquidating the subsequent year debt service payments, payment of accrued employee benefits, and various other purposes.

The **General Fund** is the Town's primary operating fund. At the end of the current fiscal year, the total fund balance was $3,588,654, with the unassigned portion as $2,382,490.

General Fund Budgetary Highlights

When the 2025 budget was adopted, $800,000 of General Fund fund balance was committed for appropriation. Overall, General Fund expenditures are $6,664,464, which is $571,151 less than the final budget. Spending was under the final budget across all categories, though most were only marginally under with the exceptions of Employee Benefits ($353,736).

Total Revenues and other financing sources were over budgetary estimates by $925,183. Given current market and political conditions, revenue categories were budgeted more conservatively. Although a few did see a shortfall (primarily Non-property taxes - $23,202), the majority were realized above budgeted estimates (Federal Aid - $274,689, State aid - $197,578, use of money & property - $210,268, departmental income - $90,107, and fines and forfeitures - $88,144) for the net increase.

Capital Assets

The Town's investment in Capital Assets for its governmental activities as of December 31, 2025 amounted to $18,261,756, net of accumulated depreciation. The investment in capital assets includes land, buildings and improvements, machinery and equipment and infrastructure.

Capital Assets
(Net of Accumulated Depreciation)

	December 31		
	2025	2024	VARIANCE
Land	$ 3,117,342	$ 3,117,342	$ -
Infrastructure - Roads	5,636,419	3,307,187	2,329,232
Construction-in-Progress	1,189,202	-	1,189,202
Buildings and Improvements	2,261,099	2,343,487	(82,388)
Machinery and Equipment	3,242,623	3,521,182	(278,559)
Infrastructure	2,815,071	719,323	2,095,748
Total (net of depreciation)	$ 18,261,756	$ 13,008,521	$ 5,253,235

Additional information on the Town's capital assets can be found in Note 3C in the "Notes to the Financial Statements".

Long Term Debt

The Town's outstanding Bond issues are 1. For the purchase of the Town Camp (original issue of $1.9 million) issued in January, 2019, and 2. For the Roaring Brook Dam Remediation ($1,500,000 original issue in 2025) . It is noted that all bonds issued by the Town are general obligation bonds backed by full faith and credit of the Town as required by New York State Law.

During the 2025 fiscal year the Town paid $60,000 in principal on the Town Camp Bond.

Through sound financial management and manageable debt levels, the Town has been successful in maintaining its high grade rating for general obligation bonds, currently rated Aa2 (strong) by Moody's' Investor Service.

Additional information on the Town's long term debt can be found in Note 3F in the "Notes to the Financial Statements".

Requests for Information

This financial report is designed to provide a general overview of the Town's finances. For all those with an interest in Town of Putnam Valley finances, questions concerning any of the information provided in this report or requests should be addressed to:

Town Supervisor
Town of Putnam Valley
265 Oscawana Lake Road
Putnam Valley, New York 10579

Town of Putnam Valley, New York

Statement of Net Position
December 31, 2025

	Governmental Activities
ASSETS	
Cash and equivalents	$ 11,225,364
Investments	2,673,026
Receivables	
Accounts	135,920
Water rents	11,412
State and Federal aid	2,187,268
Leases	300,817
Prepaid expenses	258,397
Capital assets	
Not being depreciated	9,942,963
Being depreciated, net	8,318,793
Total Assets	35,053,960
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	1,506,703
OPEB related	2,502,201
Length of service awards program	557,340
Total Deferred Outflows of Resources	4,566,244
LIABILITIES	
Accounts payable	408,193
Accrued liabilities	190,798
Deposits payable	1,112,100
Unearned revenues	124,628
Bond anticipation notes payable	9,940,000
Accrued interest payable	161,558
Non-current liabilities	
Due within one year	896,994
Due in more than one year	26,415,016
Total Liabilities	39,249,287
DEFERRED INFLOWS OF RESOURCES	
Lease related	292,802
Pension related	74,095
OPEB related	4,902,411
Length of service awards program	949,345
Total Deferred Inflows of Resources	6,218,653
NET POSITION	
Net Investment in capital assets	8,664,487
Restricted for	
Debt service	164,185
Parklands	65,421
Special purpose	263,889
Unrestricted	(15,005,718)
Total Net Position	$ (5,847,736)

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

Town of Putnam Valley, New York

Statement of Activities
Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities					
General government support	$ 2,760,786	$ 241,131	$ 433,985	$ -	$ (2,085,670)
Public safety	2,426,478	1,486	24,623	-	(2,400,369)
Health	307,912	-	-	-	(307,912)
Transportation	5,907,897	192,645	572,933	-	(5,142,319)
Economic opportunity and development	9,904	-	-	-	(9,904)
Culture and recreation	2,680,507	977,923	42,233	-	(1,660,351)
Home and community services	279,238	461,880	172,062	2,347,140	2,701,844
Interest	431,591	-	-	409	(431,182)
Total Governmental Activities	$ 14,804,313	$ 1,875,065	$ 1,245,836	$ 2,347,549	(9,335,863)
General revenues					
Real property taxes					12,395,210
Other tax items					
Interest and penalties on real property taxes					83,433
Non-property taxes					
Cable TV franchise fees					141,798
Unrestricted use of money and property					486,969
Unrestricted State aid					436,607
Miscellaneous					15,905
Total General Revenues					13,559,922
Change in Net Position					4,224,059
NET POSITION					
Beginning					(10,071,795)
Ending					$ (5,847,736)

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

Town of Putnam Valley, New York

Balance Sheet
Governmental Funds
December 31, 2025

	General	Highway	Special Districts	Special Purpose
ASSETS				
Cash and equivalents	$ 4,783,492	$ 944,668	$ 1,637,447	$ 331,572
Investments	-	-	2,673,026	-
Receivables				
Accounts	108,723	13,287	13,910	-
Water rents	-	-	11,412	-
State and Federal aid	-	-	-	-
Due from other funds	5,454	497,273	-	-
Lease receivable	300,817	-	-	-
Total Receivables	414,994	510,560	25,322	-
Prepaid expenditures	150,677	87,500	20,220	-
Total Assets	$ 5,349,163	$ 1,542,728	$ 4,356,015	$ 331,572
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	$ 172,293	$ 45,154	$ 131,863	$ 2,262
Accrued liabilities	42,864	132,963	14,971	-
Deposits payable	1,112,100	-	-	-
Due to other funds	15,822	500,000	6,899	-
Unearned revenues	124,628	-	-	-
Bond anticipation notes payable	-	-	-	-
Total Liabilities	1,467,707	678,117	153,733	2,262
Deferred inflows of resources				
Lease related	292,802	-	-	-
Fund balances (deficits)				
Nonspendable	150,677	87,500	20,220	-
Restricted	140,782	16,828	2,679,601	329,310
Assigned	914,705	760,283	1,502,461	-
Unassigned	2,382,490	-	-	-
Total Fund Balances (Deficits)	3,588,654	864,611	4,202,282	329,310
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	$ 5,349,163	$ 1,542,728	$ 4,356,015	$ 331,572

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

Capital Projects	Total Governmental Funds
$ 3,528,185	$ 11,225,364
-	2,673,026
-	135,920
-	11,412
2,187,268	2,187,268
25,448	528,175
-	300,817
2,212,716	3,163,592
-	258,397
$ 5,740,901	$ 17,320,379
$ 56,621	$ 408,193
-	190,798
-	1,112,100
5,454	528,175
-	124,628
9,940,000	9,940,000
10,002,075	12,303,894
-	292,802
-	258,397
-	3,166,521
-	3,177,449
(4,261,174)	(1,878,684)
(4,261,174)	4,723,683
$ 5,740,901	$ 17,320,379

Town of Putnam Valley, New York

Reconciliation of Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Position
December 31, 2025

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because

Total Fund Balances - Total Governmental Funds	$ 4,723,683
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	9,942,963
Capital assets - depreciable	19,006,316
Accumulated depreciation	(10,687,523)
	18,261,756
Differences between expected and actual experiences, assumptions changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the post retirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflow of resources on the statement of net position.	
Deferred outflows - pension related	1,506,703
Deferred outflows - OPEB related	2,502,201
Deferred outflows - length of service awards program	557,340
Deferred inflows - pension related	(74,095)
Deferred inflows - OPEB related	(4,902,411)
Deferred inflows - length of service awards program	(949,345)
	(1,359,607)
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(161,558)
General obligation bonds payable	(3,005,000)
Compensated absences	(462,509)
Net pension liability - ERS	(2,151,189)
Total pension liability - length of service program	(2,980,883)
Total OPEB liability	(18,712,429)
	(27,473,568)
Net Position of Governmental Activities	$ (5,847,736)

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

Town of Putnam Valley, New York

Statement of Revenues, Expenditures and Changes
in Fund Balances
Governmental Funds
Year Ended December 31, 2025

	General	Highway	Special Districts
REVENUES			
Real property taxes	$ 3,904,214	$ 4,872,500	$ 3,618,496
Other tax items	83,433	-	-
Non-property taxes	141,798	-	-
Departmental income	1,043,257	192,645	70,154
Use of money and property	520,268	28,574	165,778
Licenses and permits	345,662	-	-
Fines and forfeitures	218,144	-	-
Sale of property and compensation for loss	-	19,910	-
State aid	587,578	524,491	-
Federal aid	274,689	-	-
Miscellaneous	15,905	-	6,300
Total Revenues	7,134,948	5,638,120	3,860,728
EXPENDITURES			
Current			
General government support	1,965,158	2,676	565,107
Public safety	446,038	-	1,414,638
Health	307,570	-	-
Transportation	267,140	4,448,258	-
Economic opportunity and development	9,904	-	-
Culture and recreation	1,559,458	-	413,548
Home and community services	182,884	-	952,241
Employee benefits	1,491,743	1,303,217	468,019
Debt service			
Principal	60,000	-	-
Interest	374,569	43,720	4,263
Capital outlay	-	-	-
Total Expenditures	6,664,464	5,797,871	3,817,816
Excess (Deficiency) of Revenues Over Expenditures	470,484	(159,751)	42,912
OTHER FINANCING SOURCES (USES)			
Bonds issued	-	-	-
Transfers in	-	-	10,876
Transfers out	-	(400,000)	(49,000)
Total Other Financing Sources (Uses)	-	(400,000)	(38,124)
Net Change in Fund Balances	470,484	(559,751)	4,788
FUND BALANCES (DEFICITS)			
Beginning of Year	3,118,170	1,424,362	4,197,494
End of Year	$ 3,588,654	$ 864,611	$ 4,202,282

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

Special Purpose		Capital Projects		Total Governmental Funds	
$	-	$	-	$	12,395,210
	-		-		83,433
	-		-		141,798
	5,203		-		1,311,259
	42,233		-		756,853
	-		-		345,662
	-		-		218,144
	-		-		19,910
	-		335,306		1,447,375
	-		2,011,834		2,286,523
	-		-		22,205
	47,436		2,347,140		19,028,372
	-		-		2,532,941
	-		-		1,860,676
	-		-		307,570
	-		-		4,715,398
	-		-		9,904
	-		-		1,973,006
	141,519		-		1,276,644
	-		-		3,262,979
	-		-		60,000
	-		-		422,552
	-		4,207,503		4,207,503
	141,519		4,207,503		20,629,173
	(94,083)		(1,860,363)		(1,600,801)
	-		1,500,000		1,500,000
	-		439,000		449,876
	-		(876)		(449,876)
	-		1,938,124		1,500,000
	(94,083)		77,761		(100,801)
	423,393		(4,338,935)		4,824,484
$	329,310	$	(4,261,174)	$	4,723,683

Town of Putnam Valley, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended December 31, 2025

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	$ (100,801)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay expenditures	5,931,435
Depreciation expense	(678,200)
	5,253,235
Long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Bonds issued	(1,500,000)
Principal paid on general obligation bonds	60,000
	(1,440,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	(9,039)
Compensated absences	(13,442)
Changes in pension liabilities and related deferred outflows and inflows of resources	178,977
Changes in length of service awards program liabilities and related deferred outflows and inflows of resources	19,570
Changes in OPEB liabilities and related deferred outflows and inflows of resources	335,559
	511,625
Change in Net Position of Governmental Activities	$ 4,224,059

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

Town of Putnam Valley, New York

Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
General, Highway and Special Districts Funds
Year Ended December 31, 2025

	General			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	$ 3,904,215	$ 3,904,215	$ 3,904,214	$ (1)
Other tax items	55,000	55,000	83,433	28,433
Non-property taxes	165,000	165,000	141,798	(23,202)
Departmental income	953,150	953,150	1,043,257	90,107
Use of money and property	310,000	310,000	520,268	210,268
Licenses and permits	295,500	295,500	345,662	50,162
Fines and forfeitures	130,000	130,000	218,144	88,144
Sale of property and compensation for loss	-	-	-	-
Interfund revenues	6,650	6,650	-	(6,650)
State aid	390,000	390,000	587,578	197,578
Federal aid	-	-	274,689	274,689
Miscellaneous	250	250	15,905	15,655
Total Revenues	6,209,765	6,209,765	7,134,948	925,183
EXPENDITURES				
Current				
General government support	1,975,251	2,076,000	1,965,158	110,842
Public safety	331,640	441,418	446,038	(4,620)
Health	307,575	307,575	307,570	5
Transportation	221,357	268,149	267,140	1,009
Economic opportunity and development	2,700	9,904	9,904	-
Culture and recreation	1,579,773	1,612,611	1,559,458	53,153
Home and community services	196,167	208,479	182,884	25,595
Employee benefits	1,840,000	1,845,479	1,491,743	353,736
Debt service				
Principal	60,000	60,000	60,000	-
Interest	406,000	406,000	374,569	31,431
Total Expenditures	6,920,463	7,235,615	6,664,464	571,151
Excess (Deficiency) of Revenues Over Expenditures	(710,698)	(1,025,850)	470,484	1,496,334
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(150,000)	(150,000)	-	150,000
Total Other Financing Sources (Uses)	(150,000)	(150,000)	-	150,000
Net Change in Fund Balances	(860,698)	(1,175,850)	470,484	1,646,334
FUND BALANCES				
Beginning of Year	860,698	1,175,850	3,118,170	1,942,320
End of Year	$ -	$ -	$ 3,588,654	$ 3,588,654

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

Highway				Special Districts			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
$ 4,872,500	$ 4,872,500	$ 4,872,500	$ -	$ 3,618,497	$ 3,618,497	$ 3,618,496	$ (1)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
220,000	220,000	192,645	(27,355)	60,000	60,000	70,154	10,154
10,000	10,000	28,574	18,574	16,340	16,340	165,778	149,438
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
10,000	10,000	19,910	9,910	-	-	-	-
-	-	-	-	-	-	-	-
485,000	485,000	524,491	39,491	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	6,300	6,300
5,597,500	5,597,500	5,638,120	40,620	3,694,837	3,694,837	3,860,728	165,891
5,000	5,000	2,676	2,324	445,136	595,498	565,107	30,391
-	-	-	-	1,346,130	1,414,638	1,414,638	-
-	-	-	-	-	-	-	-
4,408,705	4,465,343	4,448,258	17,085	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	494,026	539,522	413,548	125,974
-	-	-	-	903,252	960,507	952,241	8,266
1,376,800	1,367,767	1,303,217	64,550	606,260	610,338	468,019	142,319
-	-	-	-	-	-	-	-
65,000	65,000	43,720	21,280	5,750	5,382	4,263	1,119
5,855,505	5,903,110	5,797,871	105,239	3,800,554	4,125,885	3,817,816	308,069
(258,005)	(305,610)	(159,751)	145,859	(105,717)	(431,048)	42,912	473,960
-	-	-	-	5,000	5,000	10,876	5,876
(400,000)	(400,000)	(400,000)	-	(34,000)	(39,000)	(49,000)	(10,000)
(400,000)	(400,000)	(400,000)	-	(29,000)	(34,000)	(38,124)	(4,124)
(658,005)	(705,610)	(559,751)	145,859	(134,717)	(465,048)	4,788	469,836
658,005	705,610	1,424,362	718,752	134,717	465,048	4,197,494	3,732,446
$ -	$ -	$ 864,611	$ 864,611	$ -	$ -	$ 4,202,282	$ 4,202,282

Town of Putnam Valley, New York

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended December 31, 2025

		Custodial Fund
ADDITIONS		
Real property taxes collected for other governments	$	5,794,238
DEDUCTIONS		
Payments of real property taxes to other governments		5,794,238
Net Change in Fiduciary Net Position		-
NET POSITION		
Beginning of Year		-
End of Year	$	-

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

Note 1 - Summary of Significant Accounting Policies

The Town of Putnam Valley, New York ("Town") was established in 1839 and operates in accordance with Town Law and the various other applicable laws of the State of New York. The Town Board is the legislative body responsible for overall operation. The Town Supervisor serves as the chief executive and chief financial officer. The Town provides the following services to its residents: public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below:

A. Financial Reporting Entity

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

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Town's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the Town as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

The Statement of Net Position presents the financial position of the Town at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Town does not allocate indirect expenses to functions in the Statement of Activities.

While separate government-wide and fund financial statements are presented, they are interrelated. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Town's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town's major governmental funds:

General Fund - The General Fund constitutes the primary operating fund of the Town in that it includes all revenues and expenditures not required by law to be accounted for in other funds.

Special Revenue Funds - Special revenue funds are established to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specific purposes other than capital projects. The major special revenue funds of the Town are as follows:

Highway Fund - The Highway Fund is used to account for road and bridge maintenance and improvements as defined in the Highway Law of the State of New York. The major revenue of this fund is real property taxes.

Special Districts Fund - The Special Districts Fund is used to account for the operation and maintenance of the Town's improvement, park, water, refuse, sewer, fire protection, weed and drainage districts. The major revenue of this fund is real property taxes.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the Town in accordance with grantor or contributor stipulations.

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

b. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the Town on behalf of others. The Custodial Fund is used to account for real property taxes collected for other governments.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 (current assets less current liabilities) or economic resources (all assets and liabilities). 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,* as are the Fiduciary funds. 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and 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. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenue when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liability, total pension liability – length of service awards program and other postemployment benefit liability are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

Note 1 - Summary of Significant Accounting Policies (Continued)

The Town's investment policies are governed by State statutes. The Town has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Town is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

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 obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Investments (Except Length of Service Award program Investments) - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The Town follows the provisions of GASB Statement No. 72, "*Fair Value Measurement and Application",* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investments of the Length of Service Awards program are invested in accordance with a statutory prudent person rule and in accordance with an investment policy adopted by the Town. The Length of Service Awards Program has a guaranteed interest account ("GIA") provided through a group annuity contract backed by Empower Annuity Insurance Company of America ("EAIC") general investment account. Assets in the EAIC are primarily high quality fixed income bonds with approximately 99% rated investment grade.

The contract meets the fully benefit-responsive investment contract criteria and therefore is reported at contract value. Contract value is the relevant measure for fully benefit-responsive investment contracts because this is the amount received by participants if they were to initiate permitted transactions under the terms of the Plan. Contract value represents contributions made under each contract, plus earnings, less participant withdrawals, and administrative expenses. At December 31, 2025, the value of the Town's investments was $2,673,026.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Town does not invest in any long-term investment obligations.

Note 1 - Summary of Significant Accounting Policies (Continued)

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. GASB Statement No. 40, "*Deposits and Investments Risk Disclosures – an amendment of GASB Statement No. 3*", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Town's name. The Town's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2025.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town's investment policy limits the amount on deposit at each of its banking institutions.

Taxes Receivable - Real property taxes attach as an enforceable lien on real property and are levied on January 1st. The Town collects county, town, highway and special district taxes, which are levied and due January 1st and payable without penalty to January 31st. If a taxpayer has not paid by January 31st, they have until April 30th to pay in full to the Town, after that they must pay the County. The Town retains the total amount of town, highway and special district taxes from the total collections and returns the balance plus the uncollected items to the County which assumes collection responsibility. County taxes collected prior to the satisfaction of the respective warrants are considered a fiduciary activity under the provisions of GASB Statement No. 84, *"Fiduciary Activities",* and therefore have been accounted for within the Custodial Fund.

Lease Receivable – The Town is a lessor for a noncancellable lease of ground space for a cell tower. The Town recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, 2) lease-term, and (3) lease receipts.

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

Note 1 - Summary of Significant Accounting Policies (Continued)

The Town monitors changes in circumstances that would require measurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenses/expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2025, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Inventory - There are no inventory values presented in the balance sheets of the respective funds of the Town. Purchases of inventoriable items at various locations are recorded as expenditures at the time of purchase and year-end balances at these locations are not material.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Prepaid expenses/expenditures consist of costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and/or will benefit such periods. Reported amounts in governmental funds are equally offset by nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Town chose to include all such items regardless of their acquisition date or amount except for road network assets recorded using the modified approach described below. The Town was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Note 1 - Summary of Significant Accounting Policies (Continued)

Land, construction-in-progress and certain infrastructure consisting of roads are not depreciated. Other infrastructure, property, plant and equipment of the Town are depreciated in the year following the year of acquisition using the straight line method over the following estimated useful lives.

Class	Life in Years
Buildings and improvements	33-50
Machinery and equipment	5-25
Infrastructure	25-50

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental funds balance sheet.

The Town has elected to use the modified approach for the reporting of certain infrastructure assets in the government-wide statements. General infrastructure assets acquired before 2003 consisting of the road network assets are reported at estimated historical cost. Under the modified approach, the Town does not record depreciation on this infrastructure. However, it must meet the following criteria: (1) keep a listing of all infrastructure assets, (2) establish and document the condition and levels at which the assets are being preserved, (3) make annual estimates necessary to maintain and preserve the eligible infrastructure at the conditions levels, (4) perform and summarize results of condition assessments for the eligible infrastructure every three years, (5) provide reasonable assurance that eligible infrastructure is being preserved approximately at or above the condition levels established. In addition to maintenance costs (expenditures which allow an asset to continue to be used during its originally established useful life), preservation costs (expenditures made to extend the original estimated useful life) are allowed under the modified approach to be expensed.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Town has reported unearned revenues of $124,628, which consists of $68,744 of fees for the children's center received in advance, $37,742 of Child Stabilization grant received in advance, and $18,142 of a grant from the New York State Energy Research and Development Authority received in advance in the General Fund. These amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Note 1 - Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Town has reported deferred outflows of resources and deferred inflows of resources in relation to its pension, length of service award program, and other postemployment benefit liabilities in the government-wide financial statements for governmental activities. These amounts are detailed in the discussion of the Town's pension, length of service award program, and other postemployment benefit liabilities in Note 3F.

The Town also reported deferred inflows of resources of $292,802 in the General Fund in relation to a lease of ground space.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

Net Pension Liability - The net pension liability represents the Town's proportionate share of the net pension liability of the New York State and Local Employees' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions"* and GASB Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68"*.

Total Pension Liability - Length of Service Award Program - The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 73, *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68"*.

Compensated Absences - The liability for compensated absences represents the sick time ("leave"/"leave days") and salary related payments which have been earned for services previously rendered by employees in accordance with the Town's various collective bargaining agreements, accumulates, is allowed to be carried over to subsequent year(s) and is deemed more likely than not (by management) to be used for time off or otherwise paid/settled in the future. The liability is calculated based on each employees' rate of pay and the number of unused leave days accumulated as of year-end, management's assumption that the likelihood of future use (either by use during employment or settlement/payment upon separation from service) is probable, and the salary related payments are directly and incrementally associated with payments for the leave. The Town utilizes historical data of past usage patterns to estimate the

<u>Note 1 - Summary of Significant Accounting Policies</u> (Continued)

expected usage and payment of compensated absences. The liability for compensated absences is reflected in the government-wide financial statements as current and long-term liabilities. In the fund financial statements, only the compensated absences liability that has matured through employee resignation or retirement and is expected to be payable from expendable available financial resources is reported. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 101, "*Compensated Absences*".

Other Postemployment Benefit Liability ("OPEB") - In addition to providing pension benefits, the Town provides health care benefits for certain retired employees and their survivors. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*".

Net Position - Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/ amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Restricted net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the Town includes restricted for debt service, parklands and special purposes.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Town will fund outlays for particular purpose from both restricted 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 and applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balances - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard the fund balance classifications are as follows:

Note 1 - Summary of Significant Accounting Policies (Continued)

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables, advances) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Town Board is the highest level of decision making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Town removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Town Board.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Town Board for amounts assigned for balancing the subsequent year's budget or the Town Director of Finance for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive unassigned fund balance. For all governmental funds other than the General Fund, any deficit fund balance is reported as unassigned.

In order to calculate the amounts to report as restricted and unrestricted 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. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned and unassigned.

Note 1 - Summary of Significant Accounting Policies (Continued)

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General, Highway and Special Districts funds. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is June 29, 2026.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The Town generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

a) On or before September 30th, the Supervisor shall submit a tentative budget to the Town Clerk.

b) On or before October 5th, the Town Clerk shall present the tentative budget to the Town Board.

c) Once the tentative budget is approved by the Town Board, it becomes the preliminary budget. The Town Board files the preliminary budget with the Town Clerk where it is available for inspection. In addition, the Town Board shall cause to be published a notice specifying a time and place for a public hearing.

d) At the public hearing, taxpayers may comment on the preliminary budget.

e) On or before November 20th, the Town Board shall adopt the preliminary budget as originally compiled or it may, by a majority vote, diminish or reject certain items contained therein as prescribed by law.

f) Formal budgetary integration is employed during the year as a management control device for General, Highway and Special Districts funds.

Note 2 - Stewardship, Compliance and Accountability (Continued)

g) Budgets for General, Highway and Special Districts funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. An annual budget is not adopted for the Special Purpose Fund since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.

h) The Town Board has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Town Board. Any modifications to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.

i) Appropriations in General, Highway and Special Districts funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted or as amended by the Town Board. Individual amendments for the current year were not material in relation to the original appropriations which were amended.

B. Property Tax Limitation

Under New York State Town Law, the Town is not limited as to the maximum amount of real property taxes which may be raised. However, Chapter 97 of the New York State Laws of 2011, as amended ("Tax Levy Limitation Law") modified previous law by imposing a limit on the amount of real property taxes a local government may levy. The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of two percent or the "Inflation Factor" provided, however, that in no case shall the levy growth factor be less than one. The Inflation Factor is the percentage change in the twelve month average National Consumer Price Indexes determined by the United States Department of Labor calculated six months before the start of the new fiscal year.

The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Town. The Town Board may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Town Board first enacts, by a vote of at least sixty percent of the total voting power of the Town Board, a local law to override such limit for such coming fiscal year.

Note 2 - Stewardship, Compliance and Accountability (Continued)

C. Expenditures in Excess of Budget

The following functional expenditures exceeded their budgetary authorizations by the amounts indicated:

General Fund		
Public Safety		
Building Inspector	$	4,824
Capital Projects Fund		
Highway Equipment 2023		30,052
Special Districts Fund		
Other Financing Uses – transfers out		10,000

D. Fund Deficits

The unassigned deficit in the Capital Projects Fund of $4,261,174 arises in-part because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes issued are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. Project deficits will be reduced and eliminated as the bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing. Other deficits, where no bond anticipation notes were issued or outstanding to the extent of the project deficit, arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

E. New Accounting Pronouncements

GASB Statement No. 102, "*Certain Risk Disclosures*", provides guidance on disclosure for risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. Under this Statement, a government is required to assess whether an event or events associated with a concentration or constraint that could cause substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of GASB Statement No. 102 are effective for the Town's fiscal year ended December 31, 2025. Management has determined that no events have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

Note 3 - Detailed Notes on All Funds

A. Interfund Receivables/Payables

The composition of due from/to other funds as December 31, 2025 were as follows:

Fund	Due From	Due To
General	$ 5,454	$ 15,822
Highway	497,273	500,000
Special Districts	-	6,899
Capital	25,448	5,454
	$ 528,175	$ 528,175

The outstanding balances between funds results mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

B. Lease Receivable

The Town leases its ground space to a communication company for cell towers. The lease includes options to renew in five-year increments after the initial ten-year term, which ends in August 2028. As of December 31, 2025 the Town recognized lease and interest revenue related to the lease for $23,269 and $13,065 respectively in the General Fund.

As of December 31, 2025, the Town's lease receivable for the ground space lease payments was $300,817. Also, the Town has deferred inflows of resources associated with these leases that will be recognized as revenue over the lease term. As of December 31, 2025, the balance of the deferred inflow of resources for ground space lease payments was $292,802.

The expected minimum future lease payments under this agreement are as follows:

Years Ending December 31,	Principal	Interest	Total
2026	$ 15,306	$ 12,492	$ 27,798
2027	16,537	11,817	28,354
2028	17,832	11,090	28,922
2029	19,194	10,306	29,500
2030	20,628	9,462	30,090
2031-2035	127,358	32,362	159,720
2036-2038	83,962	4,881	88,843
	$ 300,817	$ 92,410	$ 393,227

Note 3 - Detailed Notes on All Funds (Continued)

C. Capital Assets

Changes in the Town's capital assets are as follows:

	Balance January 1, 2025	Additions	Deletions	Balance December 31, 2025
Capital Assets, not being depreciated:				
Land	$ 3,117,342	$ -	$ -	$ 3,117,342
Infrastructure - roads	3,307,187	2,329,232	-	5,636,419
Construction-in-progress	-	1,189,202	-	1,189,202
Total Capital Assets, not being depreciated	$ 6,424,529	$ 3,518,434	$ -	$ 9,942,963
Capital Assets, being depreciated:				
Buildings and improvements	$ 4,809,411	$ 79,660	$ -	$ 4,889,071
Machinery and equipment	9,386,674	204,796	-	9,591,470
Infrastructure	2,397,230	2,128,545	-	4,525,775
Total Capital Assets, being depreciated	16,593,315	2,413,001	-	19,006,316
Less Accumulated Depreciation for:				
Buildings and improvements	2,465,924	162,048	-	2,627,972
Machinery and equipment	5,865,492	483,355	-	6,348,847
Infrastructure	1,677,907	32,797	-	1,710,704
Total Accumulated Depreciation	10,009,323	678,200	-	10,687,523
Total Capital Assets, being depreciated, net	$ 6,583,992	$ 1,734,801	$ -	$ 8,318,793
Capital Assets, net	$ 13,008,521	$ 5,253,235	$ -	$ 18,261,756

The Town is using the modified approach for reporting certain infrastructure capital assets.

Depreciation expense was charged to the Town's functions and programs as follows:

General Government Support	$ 15,229
Public Safety	355,255
Transportation	61,359
Culture and Recreation	196,353
Home and Community Services	50,004
Total Depreciation Expense	$ 678,200

Note 3 - Detailed Notes on All Funds (Continued)

D. Accrued Liabilities

Accrued liabilities at December 31, 2025 were as follows:

	Fund			
	General	Highway	Special Districts	Total
Payroll and Employee Benefits	$ 42,864	$ 132,963	$ 14,971	$ 190,798

E. Short-Term Capital Borrowings

The schedule below details the changes in short-term capital borrowings.

Purpose	Year of Original Issue	Maturity Date	Interest Rate	Balance January 1, 2025	New Issues	Redemptions	Balance December 31, 2025
Acquisition and Construction of Water Improvements	2020	-	- %	$ 9,000	$ -	$ 9,000	$ -
Oscawana Lake Aquatic Weed Harvester	2021	05/08/26	4.00	95,000	-	30,000	65,000
Highway Equipment - 2021	2021	05/08/26	4.00	225,000	-	100,000	125,000
Highway Equipment - 2023	2023	05/08/26	4.00	800,000	-	300,000	500,000
Highway Equipment - 2025	2025	05/08/26	4.00	-	500,000	-	500,000
Emergency Storm Damage - Improvements	2023	09/04/26	3.75	7,500,000	-	550,000	6,950,000
Reconstruction and Road Improvements	2025	11/04/26	3.25	-	1,800,000	-	1,800,000
Total				$ 8,629,000	$ 2,300,000	$ 989,000	$ 9,940,000

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenditures of $366,733 were recorded in the fund financial statements in the following funds:

Fund	Amount
General	$ 318,750
Highway	43,720
Special Districts	4,263
	$ 366,733

Interest expense of $356,869 was recorded in the government-wide financial statements for governmental activities.

Note 3 - Detailed Notes on All Funds (Continued)

F. Long-Term Liabilities

The following table summarizes changes in the Town's long-term liabilities for the year ended December 31, 2025:

	Balance January 1, 2025	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2025		Due Within One Year
General Obligation Bonds Payable	$ 1,565,000	$ 1,500,000	$ 60,000	$ 3,005,000		$ 115,000
Compensated Absences	449,067	13,442	-	462,509	*	46,000
Net Pension Liability - ERS	1,922,313	228,876	-	2,151,189		-
Total Pension Liability - Length of service awards program	3,003,927	-	23,044	2,980,883		95,660
Other Postemployment Benefit Liability	17,643,317	1,413,472	344,360	18,712,429		640,334
	$ 24,583,624	$ 3,155,790	$ 427,404	$ 27,312,010		$ 896,994

* The change in compensated absences liability is presented as a net change.

Each governmental fund's liability for bonds, compensated absences, net pension liability, total pension liability – length of service award program and other postemployment benefit liability is liquidated by the General, Highway and Special Districts funds.

General Obligation Bonds Payable

General obligation bonds payable at December 31, 2025 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at December 31, 2025
Public Improvement Bonds	2019	$ 1,900,000	September, 2043	3.0 - 5.0 %	$ 1,505,000
Public Improvement Bonds	2025	1,500,000	November, 2045	4.0	1,500,000
					$ 3,005,000

Interest expenditures/expense of $55,819 was recorded in the fund financial statements in the General fund and $74,722 was recorded in the government-wide financial statements for governmental activities.

Note 3 - Detailed Notes on All Funds (Continued)

Payments to Maturity

The annual requirements to amortize bonds outstanding at December 31, 2025 including interest payments of $1,220,352 were as follows:

Year Ended December 31,	General Obligation Bonds Principal	General Obligation Bonds Interest
2026	$ 115,000	$ 112,153
2027	125,000	107,619
2028	125,000	101,969
2029	130,000	96,969
2030	130,000	91,769
2031-2035	735,000	383,294
2036-2040	855,000	246,006
2041-2045	790,000	80,573
	$ 3,005,000	$ 1,220,352

The above general obligation bonds are direct obligations of the Town for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the Town.

Compensated Absences

In accordance with existing collective bargaining agreements, CSEA, management and Teamsters' employees may accumulate a maximum of 100, 120 and 165 days of sick leave respectively. These employees, at their option, may be compensated for such unused sick leave up to a maximum of five days per year for CSEA and management employees and up to a maximum of seven days for Teamsters' employees. Upon retirement, CSEA and management employees can be paid for accumulated sick leave at the employee's daily rate of pay, to a maximum of 100 and 130 days respectively. Maximum of 120 days of unused sick leave accumulated by Teamsters' employees will be paid to these employees upon retirement or death at 75% of the current pay rates. The Town has determined that the potential liability for such accumulated unused sick leave at December 31, 2025 was $462,509. This amount has been recorded in the government-wide financial statement for governmental activities. Vacation leave is generally taken in the year it is earned.

Pension Plans

Employee's Retirement System

The Town participates in the New York State and Local Employees' Retirement System ("ERS") ("System"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an

Note 3 - Detailed Notes on All Funds (Continued)

elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, 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 Town also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Employees who joined ERS before January 1, 2010 contribute 3% of their salary for the first ten years of membership while those joined on or after January 1, 2010 generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, 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. The employer contribution rates for the plan's year ending in 2026 are as follows:

Tier/Plan	Rate
3 A14	19.3 %
4 A15	19.3
5 A15	16.3
6 A15	12.6

At December 31, 2025, the Town reported the following for its proportionate share of the net pension liability for ERS:

Measurement date	March 31, 2025
Net pension liability	$ 2,151,189
Town's proportion of the net pension liability	0.0125465 %
Change in proportion since the prior measurement date	(0.0005091) %

The net pension liability was measured as of March 31, 2025 and the total pension asset used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members.

For the year ended December 31, 2025, the Town recognized its proportionate pension expense in the government-wide financial statements of $549,611. Pension expenditures of $728,588 for ERS were recorded in the fund financial statements and were charged to the following funds:

Note 3 - Detailed Notes on All Funds (Continued)

Fund	Amount
General	$ 302,243
Highway	337,500
Special Districts	88,845
	$ 728,588

At December 31, 2025, the Town reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 533,939	$ 25,186
Changes in assumptions	90,217	-
Net difference between projected and actual earnings on pension plan investments	168,776	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	156,549	48,909
Town contributions subsequent to the measurement date	557,222	-
	$ 1,506,703	$ 74,095

$557,222 reported as deferred outflows of resources related to ERS resulting from the Town's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

Year Ended March 31,	
2026	$ 437,443
2027	579,532
2028	(163,957)
2029	22,368
	$ 875,386

Note 3 - Detailed Notes on All Funds (Continued)

The total pension liability for the March 31, 2025 measurement date was determined by using an actuarial valuation as noted below, with update procedures used to roll forward the total pension liabilities to that measurement date. Significant actuarial assumptions used in the valuation were as follows:

Measurement date	March 31, 2025
Actuarial valuation date	April 1, 2024
Investment rate of return	5.9%
Salary scale	4.3%
Inflation rate	2.9%
Cost of living adjustments	1.5%

*Compounded annually, net of pension plan investment expenses, including inflation.

Annuitant mortality rates are based on the System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021.

The actuarial assumptions used in the valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

The long-term expected 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 return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation is summarized in the following table.

Asset Type	Target Allocation	Expected Long-Term Real Rate of Return
Domestic Equity	25 %	3.54 %
International Equity	14	6.57
Private Equity	15	7.25
Real Estate	12	4.95
Opportunistic/ARS Portfolio	3	5.25
Credit	4	5.40
Real Assets	4	5.55
Fixed Income	22	2.00
Cash	1	0.25
	100 %	

Note 3 - Detailed Notes on All Funds (Continued)

The real rate of return is net of the long-term inflation assumption of 2.9%.

The discount rate used to calculate the total pension liability 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 determined. Based upon those assumptions, the ERS'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.

The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9%, as well as what the Town's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.9%) or 1 percentage point higher (6.9%) than the current rate:

	1% Decrease (4.9%)	Current Discount Rate (5.9%)	1% Increase (6.9%)
Town's proportionate share of the net pension liability (asset)	$ 6,225,811	$ 2,151,189	$ (1,251,123)

The components of the collective net pension liability (asset) of ERS as of the March 31, 2025 measurement date were as follows:

	ERS
Total pension liability	$ 247,600,239,000
ERS fiduciary net position	230,454,512,000
Employers' net pension liability	$ 17,145,727,000
ERS fiduciary net position as a percentage of total pension liability	93.08%

Employer contributions to ERS are paid annually and cover the period through the end of the ERS's fiscal year, which is March 31st. Retirement contributions as of December 31, 2025 represent the projected employer contribution for the period of April 1, 2025 through December 31, 2025 based on prior year ERS wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS for the nine months ended December 31, 2025 were $557,222.

Voluntary Defined Contribution Plan

The Town can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of $75,000 or more. The employee contribution

Note 3 - Detailed Notes on All Funds (Continued)

is between 3% and 6% depending on salary and the Town will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Defined Benefit - Fire Service Awards Program

The Town's financial statements are for the year ended December 31, 2025. The information contained in this note is based on information for the Putnam Valley Volunteer Fire Department Length of Service Award Program for the program year ending on February 28, 2025, which is the most recent program year for which complete information is available. The Program is accounted for in the Town's financial statements within the Fire Protection District Fund.

Plan description

The Town established a defined benefit Service Award Program (referred to as a "LOSAP" - Length of Service Award Program - under Section 457(e)(11) of the Internal Revenue Code) effective March 1, 1992 for the active volunteer firefighter members of the Putnam Valley Volunteer Fire Department. This is a single employer defined benefit plan. The Program was established pursuant to Article 11-A of the New York State General Municipal Law. The Program provides municipally-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The Town is the Sponsor of the Program and the Program administrator.

An eligible Program Participant is defined to be an active volunteer firefighter who is at least 18 years of age and has earned one year of Service Award Program Service Credit. An active volunteer firefighter earns a year of Service Credit for each calendar year after the establishment of the Program in which he or she accumulates 50 points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the Sponsor on the basis of a statutory list of activities and point values. A Participant may also receive Service Credit for five years of active volunteer firefighting service rendered prior to the establishment of the Program.

Participants acquire a non-forfeitable right to be paid a Service Award after earning five years of Service Credit, becoming totally and permanently disabled, dying while an active volunteer or upon attaining the Program's Entitlement Age while an active volunteer. The Program's Entitlement Age is age 65, and is the age at which benefits begin to be paid to Participants.

Benefits provided

A Participant's Service Award benefit is paid as a ten-year certain and continuous monthly payment life annuity. The amount payable each month equals $20 multiplied by the total number of years of Service Credit earned by the Participant. The maximum number of years of Service Credit a Participant may earn under the Program is 40 years. Currently, there are no other forms of payment of a volunteer's earned Service Award under the Program.

Except in the case of pre-Entitlement Age death or total and permanent disablement, a Participant's Service Award will not be paid until he or she attains the Entitlement Age. Volunteers who are active after attaining the Entitlement Age and who may have commenced receiving a Service Award have the opportunity to earn Service Credit and, thereby, increase their Service

Note 3 - Detailed Notes on All Funds (Continued)

Award payments. The pre-Entitlement Age death and disability benefit is equal to the actuarial value of the Participant's earned Service Award at the time of death or disablement. Program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are self-insured and are paid from the Program Trust Fund.

Participants covered by the benefit terms. At the March 1, 2024 valuation date, the following participants were covered by the benefit terms.

Active Members	46
Vested-Terminated	28
Retired and Beneficiaries	27
Total	101

Contributions

New York State General Municipal Law §219(d) requires the District to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution shall be appropriated annually by the District.

Measurement of Total Pension Liability

The total pension liability at the February 28, 2025 measurement date was determined using an actuarial valuation as of March 1, 2024.

Actuarial Assumptions. The total pension liability in the March 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method: Entry Age Normal

Inflation: 0.0%

Salary Scale: None assumed

Mortality rates: No pre-retirement mortality; post retirement RP 2000 projected to 2030

Discount Rate. The discount rate used to measure the total pension liability was 4.20%, which is based on the 20-year AA general obligation bond rate as of plan year end.

Trust Assets. Although assets have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the Town. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement No. 73. The trust assets are recorded in the Fire Protection District Fund as investments and as a component of Restricted fund balance.

Note 3 - Detailed Notes on All Funds (Continued)

Changes in the Total Pension Liability

Balance as of 3/1/24 measurement date	$ 3,003,927
Service cost	103,628
Interest	123,758
Differences between expected and actual experience	(10,397)
Changes in assumptions or other inputs	(120,898)
Benefit payments	(119,135)
Balance as of 2/28/25 measurement date	$ 2,980,883

Sensitivity of the Total Pension Liability to changes in the discount rate. The following presents the total pension liability of the District as of the February 28, 2025 measurement date, calculated using the discount rate of 4.20%, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.20%) or 1-percentage point higher (5.20%) than the current rate:

	1% Decrease (3.20%)	Current Discount Rate (4.20%)	1% Increase (5.20%)
Total Pension Liability	$ 3,477,348	$ 2,980,883	$ 2,588,261

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2025, the Town recognized pension expense of $95,730 in the government-wide financial statements. Pension expenditures of $115,300 were recorded in the Fire Protection District Fund. At December 31, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 48,761	$ 166,195
Changes of assumptions or other inputs	412,919	783,150
Benefit payments & administrative expenses subsequent to the measurement date	95,660	-
	$ 557,340	$ 949,345

Note 3 - Detailed Notes on All Funds (Continued)

$95,660 reported as deferred outflows of resources related to pensions resulting from Town transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the plan year ended February 28, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	
2026	$ (109,212)
2027	(101,406)
2028	(248,036)
2029	(7,131)
2030	(21,880)
Thereafter	-
	$ (487,665)

Other Postemployment Benefit Liability ("OPEB")

In addition to providing pension benefits, the Town provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Town may vary according to length of service. The cost of providing postemployment health care benefits is shared between the Town and the retired employee as noted below. Substantially all of the Town's employees may become eligible for those benefits if they reach normal retirement age while working for the Town. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*", so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At December 31, 2024 valuation date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	38
Active employees	58
	96

The Town's total OPEB liability of $18,712,429 was measured as of December 31, 2025, and was determined by an actuarial valuation as of December 31, 2024.

Note 3 - Detailed Notes on All Funds (Continued)

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.00%
Discount rate	4.43%
Healthcare cost trend rates	7.0% decreasing by up to .5% per year to an ultimate rate of 4.5%
Retirees' share of benefit-related costs	Retiree generally contributes 0% for individual coverage and 50% (for retirees with 20 years of service) for family coverage

The discount rate was based on the S&P Municipal Bond 20-year High Grade Bond Index.

Mortality rates were based on the sex-distinct PUB 2010 Mortality Tables with MP-2021 projection.

The Town's change in the total OPEB liability for the year ended December 31, 2025 is as follows:

Total OPEB Liability - Beginning of Year	$ 17,643,317
Service cost	644,458
Interest	769,014
Differences between expected and actual experience	651,498
Changes in assumptions or other inputs	(355,524)
Benefit payments	(640,334)
Total OPEB Liability - End of Year	$ 18,712,429

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.43%) or 1 percentage point higher (5.43%) than the current discount rate:

	1% Decrease (3.43%)	Current Discount Rate (4.43%)	1% Increase (5.43%)
Total OPEB Liability	$ 21,575,007	$ 18,712,429	$ 16,388,327

Note 3 - Detailed Notes on All Funds (Continued)

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.0% decreasing to 3.5%) or 1 percentage point higher (8.0% decreasing to 5.5%) than the current healthcare cost trend rates:

	1% Decrease (6.0% decreasing to 3.5%)	Healthcare Cost Trend Rates (7.0% decreasing to 4.5%)	1% Increase (8.0% decreasing to 5.5%)
Total OPEB Liability	$ 16,235,302	$ 18,712,429	$ 21,821,186

For the year ended December 31, 2025, the Town recognized OPEB expense of $304,775. At December 31, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	$ 1,090,865	$ 2,720,612
Differences between expected and actual experience	1,411,336	2,181,799
	$ 2,502,201	$ 4,902,411

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	
2026	$ (921,576)
2027	(247,430)
2028	(640,267)
2029	(640,266)
2030	49,329
Thereafter	-
	$ (2,400,210)

Note 3 - Detailed Notes on All Funds (Continued)

G. Revenues and Expenditures

Interfund Transfers

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without the equivalent flow of assets in return. The interfund transfers reflected below have been reflected as transfers:

	Transfers In		
Transfers Out	Special Districts Fund	Capital Projects Funds	Total
Highway Fund	$ -	$ 400,000	$ 400,000
Special Districts Funds	10,000	39,000	49,000
Capital Projects Funds	876	-	876
	$ 10,876	$ 439,000	$ 449,876

Transfers are used to (1) move amounts from the fund with collection authorization to the capital projects fund for bond anticipation note principal payments and (2) move unexpended project funds back to the operating fund.

H. Net Position

The components of net position are detailed below:

Net investment in capital assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by Local Finance Law.

Restricted for Parklands - the component of net position that has been established pursuant to New York State Law. These amounts represent funds received by the Town in lieu of parklands as a condition precedent to the approval of a parcel by the Planning Board. These funds may be used only for recreation purposes.

Restricted for Special Purpose - the component of net position that has been established to set aside funds in accordance with grantor/donor stipulations.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets”.

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balances

	General Fund	Highway Fund	Special Districts Fund	Special Purpose Fund	Capital Projects Fund	Total
Nonspendable						
Prepaid expenditures	$ 150,677	$ 87,500	$ 20,220	$ -	$ -	$ 258,397
Restricted						
Debt service	140,782	16,828	6,575	-	-	164,185
Pension benefits	-	-	2,673,026	-	-	2,673,026
Parklands	-	-	-	65,421	-	65,421
Special purpose	-	-	-	263,889	-	263,889
Total Restricted	140,782	16,828	2,679,601	329,310	-	3,166,521
Assigned						
Purchases on order						
General government support	23,702	-	-	-	-	23,702
Public Safety	229	-	-	-	-	229
Transportation	-	6,078	-	-	-	6,078
Culture and recreation	221	-	33,429	-	-	33,650
Home and community services	53	-	-	-	-	53
	24,205	6,078	33,429	-	-	63,712
Subsequent year's expenditures	890,500	600,000	167,924	-	-	1,658,424
Highway	-	154,205	-	-	-	154,205
Special Districts	-	-	1,301,108	-	-	1,301,108
Total Assigned	914,705	760,283	1,502,461	-	-	3,177,449
Unassigned	2,382,490	-	-	-	(4,261,174)	(1,878,684)
Total Fund Balances	$ 3,588,654	$ 864,611	$ 4,202,282	$ 329,310	$ (4,261,174)	$ 4,723,683

Certain elements of fund balance are described above. Those additional elements which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Prepaid Expenditures has been established to account for payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Restricted for Pension Benefits - The component of net position that has been set aside to be used for LOSAP pension benefits in accordance with Article 11-A of the General Municipal Law of the State of New York.

Purchases on order are assigned and represent the Town's intention to honor the contracts in process at year-end. The subsequent year's appropriations will be amended to provide authority to complete the transactions.

Subsequent year’s expenditures represent that at December 31, 2025, the Town Board has assigned the above amounts to be appropriated for the ensuing year’s budget.

Note 3 - Detailed Notes on All Funds (Continued)

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned. Unassigned fund balances in the Capital Projects Fund represent the deficit balance in the projects.

Note 4 - Summary Disclosure of Significant Contingencies

Litigation

The Town, in common with other municipalities, receives numerous notices of claims for money damages occurring from false arrest, property damage or personal injury. All of the claims currently pending have been referred to the insurance carrier and none are expected to have a material effect on the Town's financial position, if adversely settled.

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the Town if existing assessment rolls are modified based upon the outcome of the litigation proceedings. However, the amount of possible refunds cannot be determined at the present time. Any refunds resulting from adverse settlements will be funded in the year in which the payments are made.

Risk Management

The Town purchases conventional insurance coverages to reduce its exposure to loss. The Town maintains a public officials liability policy with coverage up to $1 million, subject to a deductible of $5,000. The Town also maintains general liability, each occurrence and general aggregate with coverage up to $1 million and $2 million, respectively. The Town maintains workers' compensation coverage at statutory limits and purchases conventional health insurance for its employees and retirees. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Note 5 - Recently Issued GASB Pronouncements

GASB Statement No. 103, "*Financial Reporting Model Improvements*", has been issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

GASB Statement No. 104, "*Disclosure of Certain Capital Assets*", has been issued to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

GASB Statement No. 105, "*Subsequent Events*", has been issued to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The requirement of this Statement are effective for reporting periods beginning after June 15, 2026.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the Town believes will most impact its financial statements. The Town will evaluate the impact of this and other pronouncements may have on its financial statements and will implement them if applicable and when material.

* * * * *

Town of Putnam Valley, New York

Required Supplementary Information – Condition Rating of Street System
Last Ten Fiscal Years (1)

	% of Lane Miles in Good or Better Condition			
Survey Year	2025	2022	2019	2016
Arterial	85 %	80 %	95 %	96 %
Secondary	80	85	91	94
Overall System	83	82	92.6	95
	% of Lane Miles in Substandard Condition			
Arterial	15 %	20 %	5 %	4 %
Secondary	20	15	9	6
Overall System	17	18	7.4	5
	Condition of Needed to Actual Maintenance Preservation			
Needed	$ 6,247,500	$ 5,158,500	$ 4,741,860	$ 4,645,094
Actual	6,210,370	5,304,458	4,830,667	4,192,736
Difference	37,130	(145,958)	(88,807)	452,358

Note

The pavement condition of the Town of Putnam Valley roads is performed every three years. Each year, the Highway Department budgets and maintains the roads based on this condition assessment and appropriate inspections.

The Town of Putnam Valley determines the condition of its roads by a visual survey. A pavement Condition Index is used to assign a value to the condition of each road.

Pavement Condition Index:

Very Good-Excellent	86-100
Good-Above Average	75-85
Average	60-74
Below Average-Poor	41-59
Very Poor	0-40

See independent auditors' report.

Town of Putnam Valley, New York

Required Supplementary Information - Length of Service Awards Program
Schedule of Changes in the Town's Total Pension Liability
Last Ten Fiscal Years (1)

	2025	2024	2023
Total Pension Liability			
Service Cost	$ 103,628	$ 118,503	$ 109,493
Interest	123,758	108,382	147,489
Changes between expected and actual experience	(10,397)	32,006	(78,832)
Changes of assumptions or other inputs	(120,898)	56,501	(953,211)
Benefit payments	(119,135)	(120,059)	(93,765)
Net Change in total pension liability	(23,044)	195,333	(868,826)
Total Pension Liability – beginning	3,003,927	2,808,594	3,677,420
Total Pension Liability – ending	$ 2,980,883	$ 3,003,927	$ 2,808,594
Covered payroll	N/A	N/A	N/A
Total pension liability as a percentage of covered payroll	0%	0%	0%
Discount Rate	4.20%	3.94%	4.06%

(1) Data not available prior to fiscal year 2017 implementation of Governmental Accounting Standards Board Statement No. 73, *"Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68".*

Notes to Required Supplementary information
Changes of assumptions or other inputs. The discount rate used to measure the total pension liability was based on the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index.
Trust Assets. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73 to pay related benefits.

2022	2021	2020	2019	2018	2017
$ 97,417	$ 112,930	$ 153,064	$ 94,459	$ 98,668	$ 84,783
89,719	105,627	50,015	100,802	90,946	94,378
(324,431)	(2,401)	74,243	(72,576)	44,316	-
87,703	(548,793)	1,278,026	10,184	126,164	(161,329)
(112,798)	(100,875)	(86,673)	(89,440)	(73,611)	(66,686)
(162,390)	(433,512)	1,468,675	43,429	286,483	(48,854)
3,839,810	4,273,322	2,804,647	2,761,218	2,474,735	2,523,589
$3,677,420	$3,839,810	$4,273,322	$2,804,647	$2,761,218	$2,474,735
N/A	N/A	N/A	N/A	N/A	N/A
0%	0%	0%	0%	0%	0%
2.37%	2.50%	1.81%	3.70%	3.72%	3.78%

See independent auditors' report.

Town of Putnam Valley, New York

Required Supplementary Information - Schedule of Changes in the
Town's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years (1)(2)

	2025	2024	2023
Total OPEB Liability:			
Service cost	$ 644,458	$ 621,833	$ 509,898
Interest	769,014	825,446	761,429
Changes of benefit terms	-	-	-
Differences between expected and actual experience	651,498	(2,987,863)	1,342,962
Changes of assumptions or other inputs	(355,524)	(1,149,712)	970,307
Benefit payments	(640,334)	(605,073)	(624,932)
Net Change in Total OPEB Liability	1,069,112	(3,295,369)	2,959,664
Total OPEB Liability – Beginning of Year	17,643,317	20,938,686	17,979,022
Total OPEB Liability – End of Year	$ 18,712,429	$ 17,643,317	$ 20,938,686
Town's covered-employee payroll	$ 4,456,720	$ 4,230,456	$ 4,157,785
Total OPEB liability as a percentage of covered-employee payroll	419.87%	417.05%	503.60%
Discount Rate	4.43%	4.28%	4.00%

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*".

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.

(3) Restated for the implementation of the provisions of GASB Statement No. 75.

See independent auditors' report.

2022	2021	2020	2019	2018	
$ 695,143	$ 700,750	$ 507,165	$ 481,732	$ 527,016	
517,360	441,895	601,819	660,748	691,544	
-	-	-	-	-	
915,057	518,782	(85,285)	(1,421,686)	(1,496,921)	
(6,850,047)	(1,007,492)	3,936,170	1,123,448	-	
(584,515)	(528,027)	(520,933)	(550,964)	(584,421)	
(5,307,002)	125,908	4,438,936	293,278	(862,782)	
23,286,024	23,160,116	18,721,180	18,427,902	19,290,684	(3)
$ 17,979,022	$ 23,286,024	$ 23,160,116	$ 18,721,180	$ 18,427,902	
$ 3,925,309	$ 4,713,868	$ 4,295,253	$ 4,514,360	$ 4,360,237	
458.03%	493.99%	539.20%	414.70%	422.64%	
4.31%	2.25%	1.93%	3.26%	3.64%	

Town of Putnam Valley, New York

Required Supplementary Information
New York State and Local Employees' Retirement System
Last Ten Fiscal Years

Schedule of the Town's Proportionate Share of the Net Pension Liability (1)

	2025 (2)	2024 (3)	2023 (2)	2022 (3)
Town's proportion of the net pension liability (asset)	0.0125465%	0.0130556%	0.0127725%	0.0125317%
Town's proportionate share of the net pension liability (asset)	$ 2,151,189	$ 1,922,313	$ 2,738,939	$ (1,024,415)
Town's covered payroll	$ 4,700,778	$ 4,561,717	$ 4,400,365	$ 3,774,413
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	45.76%	42.14%	62.24%	-27.14%
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.08%	93.88%	90.78%	103.65%
Discount Rate	5.90%	5.90%	5.90%	5.90%

Schedule of Contributions

	2025	2024	2023	2022
Contractually required contribution	$ 740,906	$ 661,751	$ 549,841	$ 480,027
Contributions in relation to the contractually required contribution	(740,906)	(661,751)	(549,841)	(480,027)
Contribution excess	$ -	$ -	$ -	$ -
Town's covered payroll	$ 5,466,218	$ 4,416,153	$ 4,545,748	$ 4,294,604
Contributions as a percentage of covered payroll	13.55%	14.98%	12.10%	11.18%

(1) The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.
(2) Increase in the Town's proportionate share of the net pension liability (asset) mainly attributable to decrease in plan fiduciary net position due to investment losses.
(3)Decrease in the Town's proportionate share of the net pension liability (asset) mainly attributable to increase in plan fiduciary net position due to investment gains.

See independent auditors' report.

2021	2020	2019	2018	2017	2016
0.0110638%	0.0117295%	0.0122118%	0.0121397%	0.0112935%	0.0133729%
$ 11,017	$ 3,106,051	$ 865,241	$ 391,802	$ 1,061,165	$ 2,146,387
$ 4,014,898	$ 3,806,850	$ 3,750,805	$ 3,634,850	$ 3,507,573	$ 3,330,687
0.27%	81.59%	23.07%	10.78%	30.25%	64.44%
99.95%	86.39%	96.27%	98.24%	94.70%	90.70%
5.90%	6.80%	7.00%	7.00%	7.00%	7.00%

2021	2020	2019	2018	2017	2016
$ 630,914	$ 545,882	$ 540,853	$ 529,993	$ 525,863	$ 504,389
(630,914)	(545,882)	(540,853)	(529,993)	(525,863)	(504,389)
$ -	$ -	$ -	$ -	$ -	$ -
$ 4,224,279	$ 3,973,648	$ 4,072,652	$ 3,829,546	$ 3,671,615	$ 3,313,299
14.94%	13.74%	13.28%	13.84%	14.32%	15.22%

Town of Putnam Valley, New York

General Fund
Schedule of Revenues Compared to Budget
Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REAL PROPERTY TAXES	$ 3,904,215	$ 3,904,215	$ 3,904,214	$ (1)
OTHER TAX ITEMS				
Interest and penalties on real property taxes	55,000	55,000	83,433	28,433
NON-PROPERTY TAXES				
Cable TV franchise fees	165,000	165,000	141,798	(23,202)
DEPARTMENTAL INCOME				
Town Clerk fees	10,150	10,150	20,487	10,337
Zoning fees	23,000	23,000	15,950	(7,050)
Planning Board fees	25,000	25,000	38,800	13,800
Culture and recreation fees	895,000	895,000	968,020	73,020
	953,150	953,150	1,043,257	90,107
USE OF MONEY AND PROPERTY				
Earnings on investments	280,000	280,000	487,320	207,320
Rents	30,000	30,000	32,948	2,948
	310,000	310,000	520,268	210,268
LICENSES AND PERMITS				
Dog licenses	3,000	3,000	1,486	(1,514)
Building, zoning and sanitation	291,500	291,500	341,676	50,176
Street opening permits	1,000	1,000	2,500	1,500
	295,500	295,500	345,662	50,162
FINES AND FORFEITURES				
Fines and forfeited bail	130,000	130,000	218,144	88,144
INTERFUND REVENUES				
Sanitation and administrative charges	6,650	6,650	-	(6,650)
STATE AID				
Per capita	40,000	40,000	41,066	1,066
Mortgage tax	350,000	350,000	395,541	45,541
Criminal justice	-	-	24,623	24,623
Other	-	-	126,348	126,348
	390,000	390,000	587,578	197,578

(Continued)

Town of Putnam Valley, New York

General Fund
Schedule of Revenues Compared to Budget (Continued)
Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
FEDERAL AID				
ARPA Coronavirus State and Local Fiscal Recovery Funds	$ -	$ -	$ 274,689	$ 274,689
MISCELLANEOUS				
Unclassified	250	250	7,220	6,970
Refund of prior years expenditures	-	-	8,685	8,685
	250	250	15,905	15,655
TOTAL REVENUES	$ 6,209,765	$ 6,209,765	$ 7,134,948	$ 925,183

See independent auditors' report.

Town of Putnam Valley, New York

General Fund
Schedule of Expenditures and Other Financing Uses Compared to Budget
Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT SUPPORT				
Town Board	$ 92,700	$ 134,961	$ 130,134	$ 4,827
Town Justice	157,450	181,998	175,797	6,201
Supervisor	146,600	148,179	148,111	68
Finance	135,755	138,804	137,747	1,057
Auditor	65,000	61,369	59,150	2,219
Budget Director	8,490	8,520	8,520	-
Assessor	200,705	195,817	189,136	6,681
Fiscal agent	20,000	31,977	31,977	-
Town Clerk	202,840	202,540	198,522	4,018
Town Attorney	191,000	201,597	197,552	4,045
Engineering	16,000	30,286	24,993	5,293
Board of Ethics	250	250	-	250
Buildings	267,051	257,303	209,712	47,591
Central services	113,910	134,050	117,933	16,117
Data processing	100,000	134,094	134,094	-
Central garage	1,500	1,500	1,393	107
Unallocated insurance	195,000	194,605	184,347	10,258
Municipal association dues	500	3,675	3,675	-
Judgments and claims	-	2,515	2,515	-
Taxes on Town property	500	1,099	1,099	-
Metropolitan commuter transportation mobility tax	10,000	10,000	8,751	1,249
Contingency	50,000	861	-	861
	1,975,251	2,076,000	1,965,158	110,842
PUBLIC SAFETY				
Traffic control	1,500	5,000	4,796	204
Dog control	39,600	39,610	39,610	-
Building inspector	290,540	396,808	401,632	(4,824)
	331,640	441,418	446,038	(4,620)
HEALTH				
Registrar of Vital Statistics	875	875	870	5
Ambulance	306,700	306,700	306,700	-
	307,575	307,575	307,570	5
TRANSPORTATION				
Highway Superintendent	192,605	224,938	224,652	286
Garage	22,752	33,024	32,301	723
Street lighting	6,000	10,187	10,187	-
	221,357	268,149	267,140	1,009

(Continued)

General Fund
Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)
Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
ECONOMIC OPPORTUNITY AND DEVELOPMENT				
Economic opportunity programs	$ -	$ 7,204	$ 7,204	$ -
Veteran's organizations	2,700	2,700	2,700	-
	2,700	9,904	9,904	-
CULTURE AND RECREATION				
Parks	1,097,735	1,090,645	1,077,231	13,414
Children's center	445,038	465,410	425,671	39,739
Town Historian	10,000	10,000	10,000	-
Celebrations	-	19,556	19,556	-
Recreation for the elderly	27,000	27,000	27,000	-
	1,579,773	1,612,611	1,559,458	53,153
HOME AND COMMUNITY SERVICES				
Zoning and appeals	45,975	46,680	46,404	276
Planning Board	115,467	114,760	99,847	14,913
Wetlands inspections	5,000	5,000	2,800	2,200
Beautification	875	875	875	-
Community environment	2,350	14,664	14,639	25
Cemeteries	1,000	1,000	88	912
Transfer station	25,500	25,500	18,231	7,269
	196,167	208,479	182,884	25,595
EMPLOYEE BENEFITS				
State retirement	330,000	330,000	302,243	27,757
Social security	230,000	230,000	196,875	33,125
Workers' compensation benefits	110,000	110,000	55,370	54,630
Unemployment benefits	3,500	16,125	16,125	-
Disability	5,000	5,000	1,493	3,507
Health insurance	1,160,000	1,152,854	919,353	233,501
Other	1,500	1,500	284	1,216
	1,840,000	1,845,479	1,491,743	353,736
DEBT SERVICE				
Principal				
Serial bonds	60,000	60,000	60,000	-

(Continued)

Town of Putnam Valley, New York

General Fund
Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)
Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Interest				
Serial bonds	$ 56,000	$ 56,000	$ 55,819	$ 181
Bond anticipation note payable	350,000	350,000	318,750	31,250
	406,000	406,000	374,569	31,431
	466,000	466,000	434,569	31,431
TOTAL EXPENDITURES	6,920,463	7,235,615	6,664,464	571,151
OTHER FINANCING USES				
Transfers out				
Capital Projects Fund	150,000	150,000	-	150,000
TOTAL OTHER FINANCING USES	150,000	150,000	-	150,000
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 7,070,463	$ 7,385,615	$ 6,664,464	$ 721,151

See independent auditors' report.

Town of Putnam Valley, New York

Highway Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	$ 4,872,500	$ 4,872,500	$ 4,872,500	$ -
Departmental income	220,000	220,000	192,645	(27,355)
Use of money and property	10,000	10,000	28,574	18,574
Sale of property and compensation for loss	10,000	10,000	19,910	9,910
State aid	485,000	485,000	524,491	39,491
Total Revenues	5,597,500	5,597,500	5,638,120	40,620
EXPENDITURES				
Current				
General government support	5,000	5,000	2,676	2,324
Transportation				
Repairs and maintenance	3,713,705	3,759,075	3,751,521	7,554
Snow removal	585,000	584,162	574,631	9,531
Brush and weeds	110,000	122,106	122,106	-
	4,408,705	4,465,343	4,448,258	17,085
Employee benefits				
State retirement	350,000	350,000	337,500	12,500
Social security	186,000	176,808	160,358	16,450
Workers' compensation benefits	108,800	108,800	73,800	35,000
Life insurance	27,000	27,000	26,400	600
Health insurance	705,000	705,159	705,159	-
	1,376,800	1,367,767	1,303,217	64,550
Interest				
Bond anticipation notes	65,000	65,000	43,720	21,280
Total Expenditures	5,855,505	5,903,110	5,797,871	105,239
Excess (Deficiency) of Revenues Over Expenditures	(258,005)	(305,610)	(159,751)	145,859
OTHER FINANCING USES				
Transfers out	(400,000)	(400,000)	(400,000)	-
Net Change in Fund Balance	(658,005)	(705,610)	(559,751)	145,859
FUND BALANCE				
Beginning of Year	658,005	705,610	1,424,362	718,752
End of Year	$ -	$ -	$ 864,611	$ 864,611

See independent auditors' report.

Town of Putnam Valley, New York

Special Districts Fund
Combining Balance Sheet - Sub-Funds
December 31, 2025

	Lake Peekskill Improvement District	Brookdale Gardens District	Hilltop Estates District	Abele Park District	Lookout Manor District	Wildwood Knolls District
ASSETS						
Cash and equivalents	$ 290,278	$ 12,288	$ 70,408	$ 25,585	$ 51,941	$ 9,940
Investments	-	-	-	-	-	-
Receivables						
Accounts	-	-	-	-	-	-
Water rents	-	-	-	-	-	-
Total Receivables	-	-	-	-	-	-
Prepaid expenditures	20,220	-	-	-	-	-
Total Assets	$ 310,498	$ 12,288	$ 70,408	$ 25,585	$ 51,941	$ 9,940
LIABILITIES AND FUND BALANCES (DEFICITS)						
Liabilities						
Accounts payable	$ 22,802	$ -	$ 74	$ 3,467	$ -	$ -
Accrued liabilities	14,821	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total Liabilities	37,623	-	74	3,467	-	-
Fund balances (Deficits)						
Nonspendable	20,220	-	-	-	-	-
Restricted	-	-	-	-	-	-
Assigned	252,655	12,288	70,334	22,118	51,941	9,940
Total Fund Balances	272,875	12,288	70,334	22,118	51,941	9,940
Total Liabilities and Fund Balances	$ 310,498	$ 12,288	$ 70,408	$ 25,585	$ 51,941	$ 9,940

See independent auditors' report.

Northview Park Estates District	Roaring Brook Lake District	Glenmar Gardens District	Continental Village District	Lake Peekskill Community Center District	Barger Pond District	Fire Protection District	Oscawana Weed Control District
$ 36,079	$ 363,105	$ 14,227	$ 28,045	$ 11,411	$ 44,338	$ 198,348	$ 210,964
-	-	-	-	-	-	2,673,026	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 36,079	$ 363,105	$ 14,227	$ 28,045	$ 11,411	$ 44,338	$ 2,871,374	$ 210,964
$ 45	$ 68,406	$ 5,161	$ 17,193	$ 5,200	$ 18	$ 1,047	$ 162
-	-	-	-	-	-	-	-
-	-	773	-	-	-	-	6,126
45	68,406	5,934	17,193	5,200	18	1,047	6,288
-	-	-	-	-	-	-	-
-	-	6,575	-	-	-	2,673,026	-
36,034	294,699	1,718	10,852	6,211	44,320	197,301	204,676
36,034	294,699	8,293	10,852	6,211	44,320	2,870,327	204,676
$ 36,079	$ 363,105	$ 14,227	$ 28,045	$ 11,411	$ 44,338	$ 2,871,374	$ 210,964

(Continued)

Town of Putnam Valley, New York

Special Districts Fund
Combining Balance Sheet - Sub-Funds (Continued)
December 31, 2025

	Putnam Acres District	Sewer District	Mill Ponds Water District	Drainage District	Totals
ASSETS					
Cash and equivalents	$ 21,156	$ 186,448	$ -	$ 62,886	$ 1,637,447
Investments	-	-	-	-	2,673,026
Receivables					
Accounts	-	-	13,910	-	13,910
Water rents	-	-	11,412	-	11,412
	-	-	25,322	-	25,322
Prepaid expenditures	-	-	-	-	20,220
Total Assets	$ 21,156	$ 186,448	$ 25,322	$ 62,886	$ 4,356,015
LIABILITIES AND FUND BALANCES (DEFICITS)					
Liabilities					
Accounts payable	$ -	$ 2,693	$ 5,595	$ -	$ 131,863
Accrued liabilities	-	150	-	-	14,971
Due to other funds	-	-	-	-	6,899
Total Liabilities	-	2,843	5,595	-	153,733
Fund balances (Deficits)					
Nonspendable	-	-	-	-	20,220
Restricted	-	-	-	-	2,679,601
Assigned	21,156	183,605	19,727	62,886	1,502,461
Total Fund Balances	21,156	183,605	19,727	62,886	4,202,282
Total Liabilities and Fund Balances	$ 21,156	$ 186,448	$ 25,322	$ 62,886	$ 4,356,015

See independent auditors' report.

Town of Putnam Valley, New York

Special Districts Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Sub-Funds
Year Ended December 31, 2025

	Lake Peekskill Improvement District	Brookdale Gardens District	Hilltop Estates District	Abele Park District	Lookout Manor District
REVENUES					
Real property taxes	$ 1,068,450	$ 17,600	$ 52,380	$ 75,245	$ 68,895
Departmental income	-	-	-	-	-
Use of money and property	23,136	175	1,125	600	900
Miscellaneous	450	-	-	300	-
Total Revenues	1,092,036	17,775	53,505	76,145	69,795
EXPENDITURES					
Current					
General government support	299,438	1,057	4,325	6,486	4,024
Public safety	-	-	-	-	-
Culture and recreation	198,382	1,331	11,688	20,057	11,742
Home and community services	391,237	11,167	30,587	37,384	54,862
Employee benefits	264,639	475	3,540	3,188	3,986
Debt service					
Interest	-	-	-	-	-
Total Expenditures	1,153,696	14,030	50,140	67,115	74,614
Excess (Deficiency) of Revenues Over Expenditures	(61,660)	3,745	3,365	9,030	(4,819)
OTHER FINANCING SOURCES (USES)					
Transfers in	10,000	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	10,000	-	-	-	-
Net Change in Fund Balances	(51,660)	3,745	3,365	9,030	(4,819)
FUND BALANCES					
Beginning of Year	324,535	8,543	66,969	13,088	56,760
End of Year	$ 272,875	$ 12,288	$ 70,334	$ 22,118	$ 51,941

See independent auditors' report.

Wildwood Knolls District	Northview Park Estates District	Roaring Brook Lake District	Glenmar Gardens District	Continental Village District	Lake Peekskill Community Center District	Barger Pond District	Fire Protection District
$ 52,850	$ 10,590	$ 299,235	$ 55,415	$ 34,422	$ -	$ 7,576	$ 1,584,129
4,700	-	-	-	-	-	-	-
525	400	47,782	600	100	-	500	81,555
-	-	-	-	-	5,550	-	-
58,075	10,990	347,017	56,015	34,522	5,550	8,076	1,665,684
4,116	1,493	141,254	7,813	24,546	-	1,899	-
-	-	-	-	-	-	-	1,414,638
11,961	10,921	89,946	2,140	-	-	5,135	-
37,384	-	140,797	32,458	-	-	-	-
3,385	779	17,818	1,504	-	-	1,357	141,948
-	-	-	984	-	-	-	-
56,846	13,193	389,815	44,899	24,546	-	8,391	1,556,586
1,229	(2,203)	(42,798)	11,116	9,976	5,550	(315)	109,098
-	-	-	-	876	-	-	-
-	-	-	(9,000)	-	(10,000)	-	-
-	-	-	(9,000)	876	(10,000)	-	-
1,229	(2,203)	(42,798)	2,116	10,852	(4,450)	(315)	109,098
8,711	38,237	337,497	6,177	-	10,661	44,635	2,761,229
$ 9,940	$ 36,034	$ 294,699	$ 8,293	$ 10,852	$ 6,211	$ 44,320	$ 2,870,327

(Continued)

Town of Putnam Valley, New York

Special Districts Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Sub-Funds (Continued)
Year Ended December 31, 2025

	Oscawana Weed Control District	Putnam Acres District	Sewer District	Mill Ponds Water District	Drainage District	Totals
REVENUES						
Real property taxes	$ 145,419	$ 1,786	$ 113,835	$ 22,185	$ 8,484	$ 3,618,496
Departmental income	-	-	-	65,454	-	70,154
Use of money and property	4,750	150	2,500	800	180	165,778
Miscellaneous	-	-	-	-	-	6,300
Total Revenues	150,169	1,936	116,335	88,439	8,664	3,860,728
EXPENDITURES						
Current						
General government support	48,835	451	9,028	9,279	1,063	565,107
Public safety	-	-	-	-	-	1,414,638
Culture and recreation	48,821	1,424	-	-	-	413,548
Home and community services	-	-	138,182	76,533	1,650	952,241
Employee benefits	17,579	329	4,208	2,656	628	468,019
Debt service						
Interest	3,279	-	-	-	-	4,263
Total Expenditures	118,514	2,204	151,418	88,468	3,341	3,817,816
Excess (Deficiency) of Revenues Over Expenditures	31,655	(268)	(35,083)	(29)	5,323	42,912
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	10,876
Transfers out	(30,000)	-	-	-	-	(49,000)
Total Other Financing Sources (Uses)	(30,000)	-	-	-	-	(38,124)
Net Change in Fund Balances	1,655	(268)	(35,083)	(29)	5,323	4,788
FUND BALANCES						
Beginning of Year	203,021	21,424	218,688	19,756	57,563	4,197,494
End of Year	$ 204,676	$ 21,156	$ 183,605	$ 19,727	$ 62,886	$ 4,202,282

See independent auditors' report.

Capital Projects Fund
Project-Length Schedule
Inception of Project through December 31, 2025

PROJECT	Authorization	Expenditures and Transfers	Unexpended Balance
Emergency Water System Reconstruction	$ 145,000	$ 144,227	$ 773
Roaring Brook Lake Valve Replacement Project	100,000	92,674	7,326
Continental Lake Village Dam	83,600	83,600	-
Highway Equipment - 2015	800,000	800,000	-
Highway Equipment - 2018	517,845	517,845	-
Highway Equipment - 2021	500,000	497,273	2,727
Oscawana Lake Aquatic Weed Harvester - 2021	175,000	168,874	6,126
Highway Equipment - 2023	1,000,000	1,030,052	(30,052)
Storm Emergency - 2023	8,500,000	8,112,645	387,355
Roaring Brook Dam Remediation	1,500,000	558,000	942,000
Highway Equipment - 2025	500,000	-	500,000
Horton Hollow Road	2,152,412	70,480	2,081,932
Totals	$ 15,973,857	$ 12,075,670	$ 3,898,187

See independent auditors' report.

Total Revenues	Fund Balance (Deficit) at December 31, 2025	Bond Anticipation Notes Outstanding at December 31, 2025
$ 145,000	$ 773	$ -
100,000	7,326	-
83,600	-	-
800,000	-	-
517,845	-	-
375,000	(122,273)	125,000
110,000	(58,874)	65,000
500,000	(530,052)	500,000
3,683,051	(4,429,594)	6,950,000
1,500,000	942,000	-
-	-	500,000
-	(70,480)	1,800,000
$ 7,814,496	$ (4,261,174)	$ 9,940,000

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*

Independent Auditors' Report

The Honorable Supervisor and Town Board of the
Town of Putnam Valley, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Putnam Valley, New York ("Town") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 29, 2026.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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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 or other matters that are required to be reported under *Government Auditing Standards*.

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.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Harrison, New York
June 29, 2026

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditors' Report

The Honorable Supervisor and Town Board of the
Town of Putnam Valley, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Putnam Valley, New York's ("Town") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2025. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error; as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Harrison, New York
June 29, 2026

Town of Putnam Valley, New York

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Sub-Recipients	Total Federal Expenditures
U.S. Department of the Treasury				
Indirect Programs -				
Passed Through New York State Division of Budget				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	$ -	$ 205,527
Passed Through Putnam County				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	69,162
			-	274,689
U.S. Department of Homeland Security				
Indirect Programs - Passed Through New York State Division of Homeland Security and Emergency Services				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	-	2,011,834
Total Expenditures of Federal Awards			$ -	$ 2,286,523

N/A Not Available

See independent auditors' report and notes to schedule of expenditures of federal awards

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") includes the federal award activity of the Town of Putnam Valley, New York ("Town") under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The Town has elected not to use the 15 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Town of Putnam Valley, New York

Schedule of Findings and Questioned Costs
Year Ended December 31, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified	___Yes _X_ No
• Significant deficiency(ies) identified?	___ Yes _X_ None reported
Noncompliance material to financial statements noted?	___ Yes _X_ No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	___ Yes _X_ No
• Significant deficiency(ies) identified?	___ Yes _X_ None reported
Type of auditors' report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes _X_ No

Identification of major federal programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs	$1,000,000
Auditee qualified as low-risk auditee?	_____Yes ___X___No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None