

BEACON CITY SCHOOL DISTRICT
BEACON, NEW YORK

AUDIT REPORT FOR THE YEAR ENDED
JUNE 30, 2019
INCLUDING REPORTS ON FEDERAL AWARDS
AND EXTRACLASROOM ACTIVITY FUNDS

BEACON CITY SCHOOL DISTRICT
BEACON, NEW YORK
JUNE 30, 2019
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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of
Beacon City School District
Beacon, New York

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Norman M. Sassi, CPA
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Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the Beacon City School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Beacon City School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Beacon City School District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary fund of the Beacon City School District as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 4 through 14 and 70 through 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Beacon City School District's basic financial statements. The supplemental schedules on pages 75 through 77 are required by the New York State Education Department and are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental schedules on pages 75 through 77 and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules on pages 75 through 77 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.

Beacon City School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2019, on our consideration of the Beacon City School District'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 Beacon City School District'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 Beacon City School District's internal control over financial reporting and compliance.



Montgomery, New York
October 7, 2019

BEACON CITY SCHOOL DISTRICT

Management Discussion and Analysis

Introductory Section

The following is a discussion and analysis of Beacon City School District's financial performance for the year ended June 30, 2019. The section is a summary of the Beacon City School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the district-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

During the 2018-2019 school year, the District utilized the insurance reserve to pay for mold remediation in two of our school buildings. In addition, the District utilized additional money from the unemployment reserve to pay for proactive sanitization and cleaning to prevent a health care issue.

Overview of the Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide* financial statements that provide both *short-term* and *long-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements. The fund financial statements concentrate on the District's significant funds.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

BEACON CITY SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

Overview of the Financial Statements (Continued)

The following table summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements			
		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

BEACON CITY SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

District-Wide Financial Statements

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

The two district-wide statements report the District's Net Position and how they have changed. Net Position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's Net Position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are shown as *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two kinds of funds:

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information disclosed in Note 2 explains the relationship (or differences) between them.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

BEACON CITY SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

Financial Analysis of the District as a Whole

The District's net position at June 30, 2019 is \$(91,557,128). This is a \$6,018,767 decrease from last year's net position of \$(85,538,361). The following table provides a summary of the District's net position:

Summary of Net Position

	School District Activities			
	June 30, 2019	June 30, 2018	\$ Change	% Change
Current Assets	\$ 28,941,962	\$ 22,828,720	\$ 6,113,242	26.78%
Non Current Assets	68,097,009	66,617,403	1,479,606	2.22%
Total Assets	<u>97,038,971</u>	<u>89,446,123</u>	<u>7,592,848</u>	<u>8.49%</u>
Deferred Outflows of Resources	<u>16,897,729</u>	<u>18,557,884</u>	<u>(1,660,155)</u>	<u>-8.95%</u>
Current Liabilities	14,273,945	5,201,356	9,072,589	174.43%
Long Term Liabilities	186,739,741	182,806,438	3,933,303	2.15%
Total Liabilities	<u>201,013,686</u>	<u>188,007,794</u>	<u>13,005,892</u>	<u>6.92%</u>
Deferred Inflows of Resources	<u>4,480,142</u>	<u>5,534,574</u>	<u>(1,054,432)</u>	<u>-19.05%</u>
Net Position:				
Net Investment in Capital Assets	33,626,518	30,070,101	3,556,417	11.83%
Restricted	20,904,653	20,523,428	381,225	1.86%
Unrestricted	<u>(146,088,299)</u>	<u>(136,131,890)</u>	<u>(9,956,409)</u>	<u>-7.31%</u>
Total Net Position	<u>\$ (91,557,128)</u>	<u>\$ (85,538,361)</u>	<u>\$ (6,018,767)</u>	<u>-7.04%</u>

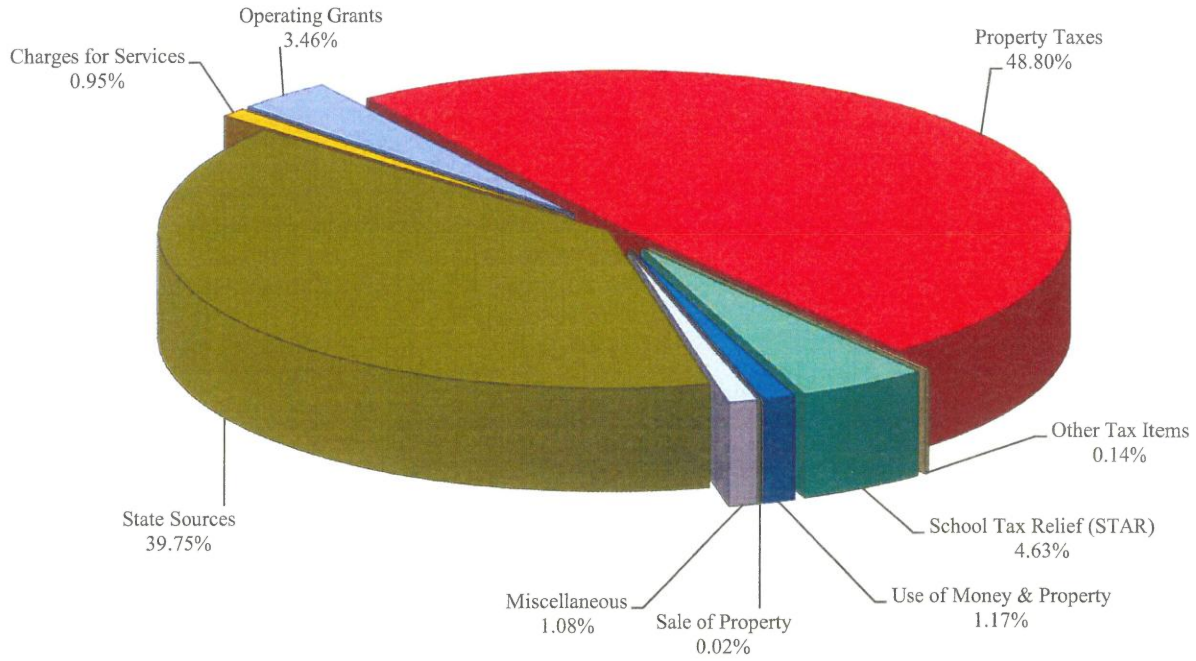
The following table and supporting graphs provides a summary of revenues, expenses and changes in net position for the year ended June 30, 2019 and 2018.

BEACON CITY SCHOOL DISTRICT
 BEACON, NEW YORK
 STATEMENT OF ACTIVITIES
 SUMMARY OF CHANGES IN NET POSITION

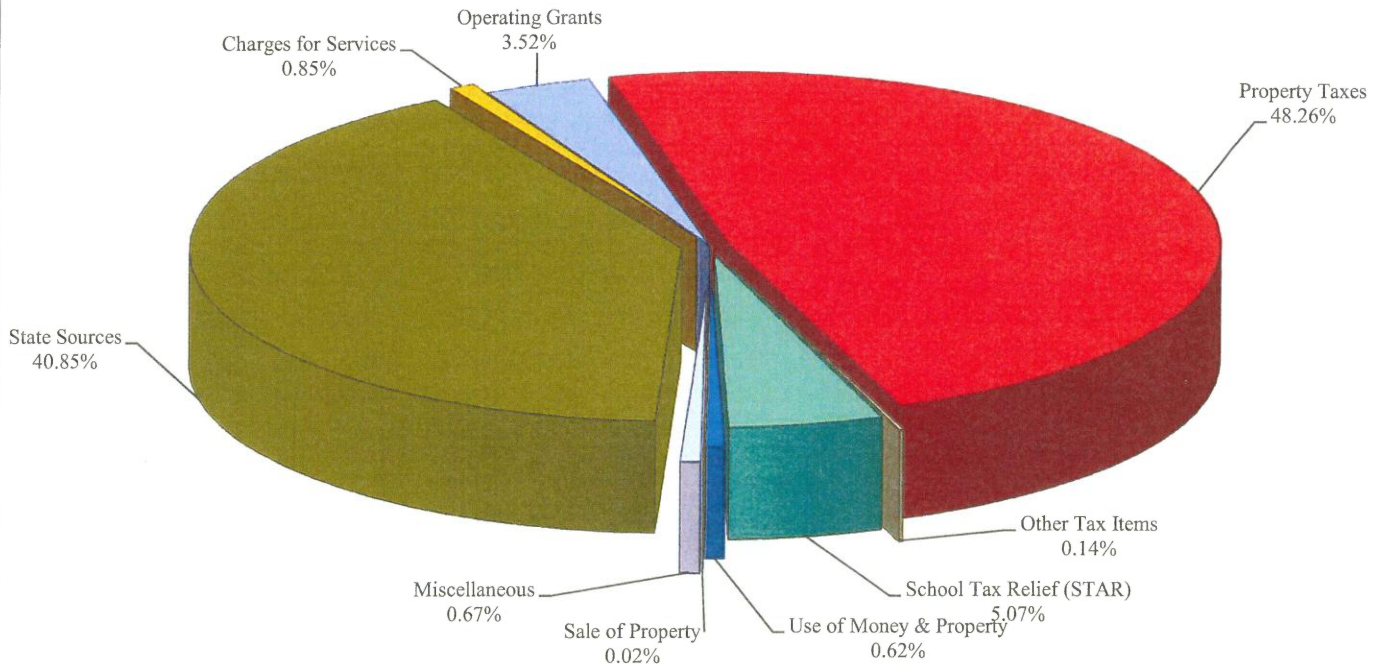
	FOR THE YEAR ENDED JUNE 30, 2019	%	FOR THE YEAR ENDED JUNE 30, 2018	%	\$ Change	% Change
<u>REVENUES</u>						
PROGRAM REVENUES:						
Charges for Services	\$ 692,862	0.95%	\$ 600,495	0.85%	\$ 92,367	15.38%
Operating Grants	2,525,646	3.46%	2,475,120	3.52%	50,526	2.04%
GENERAL REVENUES:						
Property Taxes	35,651,784	48.80%	33,964,715	48.26%	1,687,069	4.97%
Other Tax Items	105,476	0.14%	101,248	0.14%	4,228	4.18%
School Tax Relief (STAR)	3,381,336	4.63%	3,564,803	5.07%	(183,467)	-5.15%
Use of Money & Property	851,391	1.17%	438,809	0.62%	412,582	94.02%
Sale of Property	18,090	0.02%	13,869	0.02%	4,221	30.43%
Miscellaneous	787,218	1.08%	470,640	0.67%	316,578	67.27%
State Sources	29,044,085	39.75%	28,745,786	40.85%	298,299	1.04%
TOTAL REVENUES	<u>73,057,888</u>	100.00%	<u>70,375,485</u>	100.00%	<u>2,682,403</u>	3.81%
<u>EXPENSES</u>						
General Support	6,672,394	8.44%	5,851,311	7.78%	821,083	14.03%
Instruction	42,628,150	53.90%	39,596,272	52.68%	3,031,878	7.66%
Pupil Transportation	2,933,536	3.71%	2,669,669	3.55%	263,867	9.88%
Community Services	119,029	0.15%	109,154	0.15%	9,875	9.05%
Employee Benefits	22,014,021	27.84%	22,037,772	29.32%	(23,751)	-0.11%
Debt Service Interest	1,037,568	1.31%	1,231,604	1.64%	(194,036)	-15.75%
Depreciation	2,266,500	2.87%	2,214,968	2.95%	51,532	2.33%
Capital Outlay	85,478	0.11%	256,675	0.34%	(171,197)	-66.70%
School Lunch Program	1,319,979	1.67%	1,194,133	1.59%	125,846	10.54%
TOTAL EXPENSES	<u>79,076,655</u>	100.00%	<u>75,161,558</u>	100.00%	<u>3,915,097</u>	5.21%
CHANGES IN NET POSITION	<u>\$ (6,018,767)</u>		<u>\$ (4,786,073)</u>		<u>\$ (1,232,694)</u>	-25.76%

BEACON CITY SCHOOL DISTRICT
BEACON, NEW YORK

**SOURCES OF REVENUES
FOR THE YEAR ENDED JUNE 30, 2019**

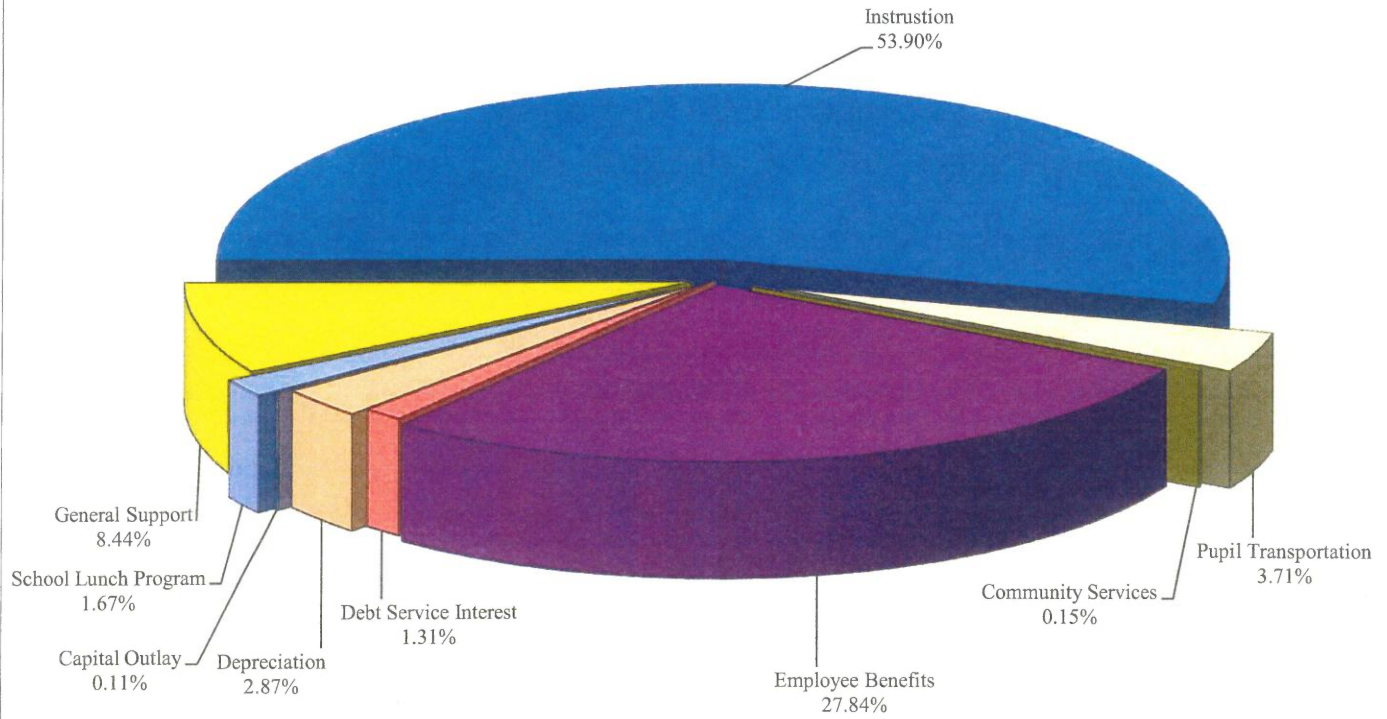


**SOURCES OF REVENUES
FOR THE YEAR ENDED JUNE 30, 2018**

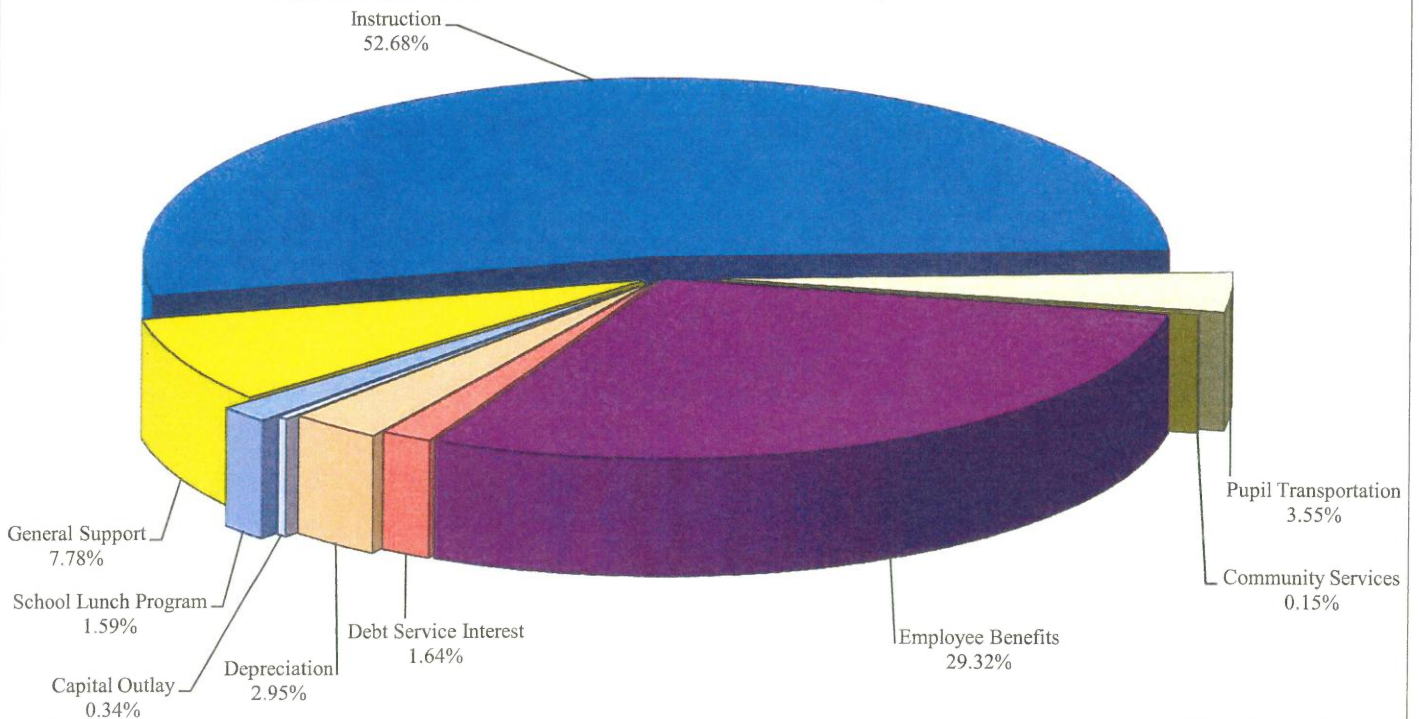


BEACON CITY SCHOOL DISTRICT
BEACON, NEW YORK

EXPENSES FOR THE YEAR ENDED JUNE 30, 2019



EXPENSES FOR THE YEAR ENDED JUNE 30, 2018

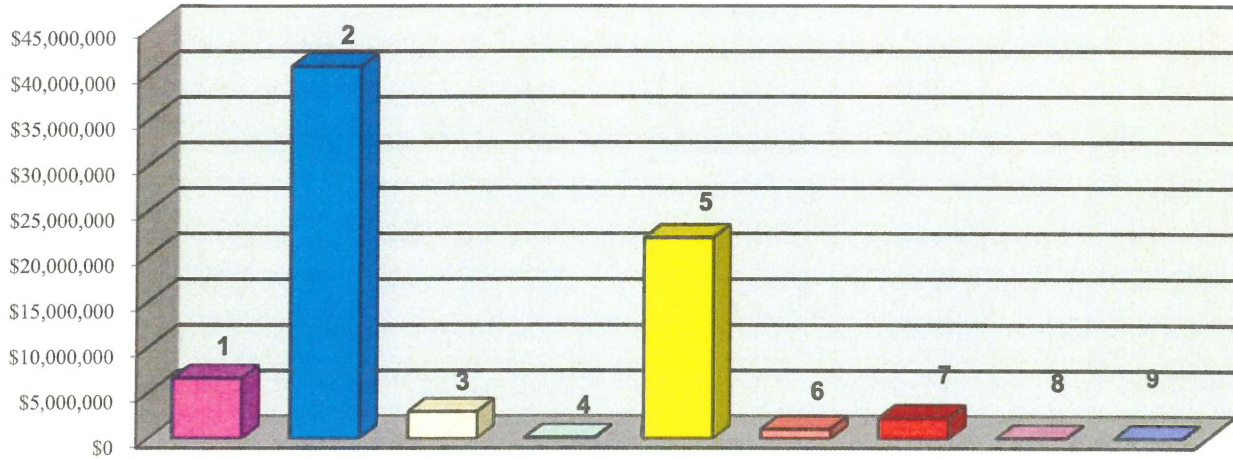


BEACON CITY SCHOOL DISTRICT
BEACON, NEW YORK
STATEMENT OF ACTIVITIES
NET COSTS

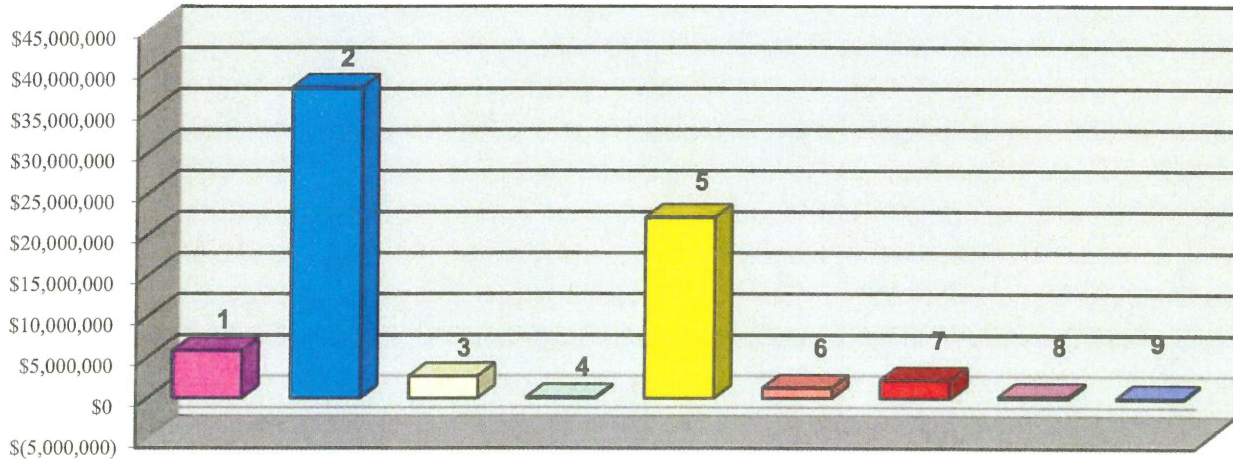
The following information is provided to disclose the net cost of governmental activities:

		TOTAL COST OF SERVICES 2018-2019	NET COST OF SERVICES 2018-2019	TOTAL COST OF SERVICES 2017-2018	NET COST OF SERVICES 2017-2018
General Support	1	\$ 6,672,394	\$ 6,581,863	\$ 5,851,311	\$ 5,813,882
Instruction	2	42,628,150	40,794,328	39,596,272	37,849,708
Pupil Transportation	3	2,933,536	2,933,536	2,669,669	2,669,669
Community Services	4	119,029	119,029	109,154	109,154
Employee Benefits	5	22,014,021	22,014,021	22,037,772	22,037,772
Debt Service - Interest	6	1,037,568	1,037,568	1,231,604	1,231,604
Depreciation	7	2,266,500	2,266,500	2,214,968	2,214,968
Capital Outlay	8	85,478	85,478	256,675	256,675
School Lunch Program	9	1,319,979	25,824	1,194,133	(97,489)
		<u>\$ 79,076,655</u>	<u>\$ 75,858,147</u>	<u>\$ 75,161,558</u>	<u>\$ 72,085,943</u>

NET COSTS 2018-2019



NET COSTS 2017-2018



BEACON CITY SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

Financial Analysis of the District's Funds

As discussed, the District's governmental funds are reported in the fund statements with a modified accrual basis that uses a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the District consist of the General Fund, Special Aid Fund, School Lunch Fund, Debt Service Fund and Capital Projects Fund. The total fund balances allocated between non-spendable, restricted, assigned, and unassigned fund balance for each of these funds is as follows

	June 30, 2019				
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
General	\$ 0	\$ 4,449,492	\$ 2,895,887	\$ 4,415,713	\$ 11,761,092
Special Aid	0	362,621	0	0	362,621
School Lunch	34,874	231,776	0	0	266,650
Capital Projects	0	0	0	(1,283,281)	(1,283,281)
Debt Service	0	2,294,537	0	0	2,294,537
	<u>\$ 34,874</u>	<u>\$ 7,338,426</u>	<u>\$ 2,895,887</u>	<u>\$ 3,132,432</u>	<u>\$ 13,401,619</u>

	June 30, 2018				
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
General	\$ 0	\$ 4,674,430	\$ 3,889,800	\$ 4,110,094	\$ 12,674,324
Special Aid	0	362,621	0	0	362,621
School Lunch	56,338	273,166	0	0	329,504
Capital Projects	0	0	0	(15,329)	(15,329)
Debt Service	0	2,179,616	0	0	2,179,616
	<u>\$ 56,338</u>	<u>\$ 7,489,833</u>	<u>\$ 3,889,800</u>	<u>\$ 4,094,765</u>	<u>\$ 15,530,736</u>

General Fund Budgetary Highlights

For the year ended June 30, 2019, actual revenues were greater than revised budgeted revenues by \$1,399,036 or 2.04%. The revenue source that significantly exceeded the budgeted amount was Use of Money & Property as \$476,577 more was received that was budgeted. This was due to the increase in interest earnings during the year.

Concerning the expenditures for the year ended June 30, 2019, actual expenditures and encumbrances were less than revised budgeted expenditures by \$2,141,645 or 2.92%. Costs within various budget codes were less than budgeted amounts, in particular Employee Benefits was less than budgeted by \$963,016.

For year 2019-2020, the District has appropriated \$2,500,000 of fund balance to reduce the tax levy.

BEACON CITY SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

General Fund Budgetary Highlights (Continued)

Factors that continue to affect the budget process are as follows:

- New York State Aid revenues may be impacted due to state wide budget constraints.
- Employee benefits, such as, health benefits, teachers and employees retirement continue to rise.
- Fluctuations in interest rates.

Management believes that the budget adopted for 2019-2020 is reasonably adaptable to any adverse changes that may arise based on the above factors.

Other Fund Highlights

The Special Aid Fund ended the year with a fund balance of \$362,621. Revenues equaled expenditures for the year as the revenues of this fund are expenditure driven meaning that the District receives funds based on the amount of expenditures for each grant. The District is responsible for paying 20% of the approved rate as well as the difference between the actual cost and the approved rate for expenditures of the Summer Handicap program. As such the District transferred \$175,274 from the General fund budgeted amounts to the Special Aid fund to cover the costs of the summer handicap program for the current year.

The School Lunch Fund ended the year with a fund balance of \$266,650. During the year expenditures exceeded revenues by \$62,854.

The Capital Projects Fund ended the year with a fund balance of (\$1,283,281).

Debt Service Fund ended the year with a fund balance of \$2,294,537. This fund balance will be appropriated in future years to offset principal and interest payments.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of June 30, 2019, was \$65,152,724. The District's investment in capital assets, net of accumulated depreciation as of June 30, 2018 was \$65,408,245. The total decrease in this net investment was -0.39% for the District as a whole (see schedule below). The District expended \$2,011,020 to acquire and construct capital assets during the year ended June 30, 2019, depreciation expense for the year was \$2,266,500.

BEACON CITY SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

Capital Asset and Debt Administration (Continued)

Capital Assets (Continued)

CAPITAL ASSETS
Net of Accumulated Depreciation

	<u>School District Activities</u>		<u>% Change</u>
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	
<u>Non-Depreciable Assets:</u>			
Land	\$ 3,852,640	\$ 3,852,640	0.00%
Construction in Progress	1,858,288	390,335	376.08%
 <u>Depreciable Assets:</u>			
Land Improvements	40,372	56,107	-28.04%
Building and Improvements	57,822,291	59,731,184	-3.20%
Furniture and Equipment	318,991	212,764	49.93%
Vehicles	1,260,142	1,165,215	8.15%
TOTALS	<u>\$ 65,152,724</u>	<u>\$ 65,408,245</u>	-0.39%

Long-Term Debt

At the end of the year, the District had total long term debt outstanding of \$29,967,401. This amount is backed by the full faith and credit of the Beacon City School District with debt service fully funded by voter approved property taxes. Activity in bonded debt outstanding during the year was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Ending Balance</u>
Serial Bonds	\$ 30,355,000	\$ 0	\$ 3,470,000	\$ 26,885,000
Energy Performance Contract	3,310,068	0	227,667	3,082,401
Total Bonded Debt Outstanding	<u>\$ 33,665,068</u>	<u>\$ 0</u>	<u>\$ 3,697,667</u>	<u>\$ 29,967,401</u>

Bond Ratings

Standard and Poor's (S&P's) has assigned a rating of Aa3 to outstanding uninsured bonds of the District. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from S&P's. There can be no assurance that such rating will not be revised or withdrawn, if in the judgment of S&P's circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price of the Notes or the availability of a secondary market for the Notes.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ann Marie Quartironi, Deputy Superintendent, at the District's business offices at 10 Education Drive, Beacon, NY 12508.

BEACON CITY SCHOOL DISTRICT
BEACON, NEW YORK
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2019

ASSETS

Unrestricted Cash	\$ 16,926,609
Restricted Cash	7,338,426
Taxes Receivable	1,027,195
State & Federal Aid Receivable	3,514,806
Due from Fiduciary Funds	745
Other Receivables, Net	99,307
Inventories	34,874
TRS Net Pension Asset-Proportionate Share	2,944,285
Non Depreciable Capital Assets	5,710,928
Capital Assets, Net	59,441,796
TOTAL ASSETS	<u>97,038,971</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charges on Refunding	428,555
Pensions	16,469,174
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>16,897,729</u>

LIABILITIES

Accounts Payable	1,313,058
Accrued Liabilities	520,182
Due to Other Governments	486
Due to Teachers' Retirement System	3,198,949
Due to Employees' Retirement System	215,322
Other Liabilities	61,451
Bond Anticipation Notes	8,944,128
Unearned Revenues	20,369
Long-term Liabilities:	
Due and Payable Within One Year:	
Bonds Payable (including deferred amount on refunding)	3,798,266
Installment Purchase Debt	233,559
Due and Payable In More Than One Year:	
Bonds Payable (including deferred amount on refunding)	25,074,092
Installment Purchase Debt	2,848,842
Compensated Absences	997,865
ERS Net Pension Liability-Proportionate Share	1,367,090
Other Postemployment Benefits	152,420,027
TOTAL LIABILITIES	<u>201,013,686</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	<u>4,480,142</u>
----------	------------------

NET POSITION

Net Investment in Capital Assets	33,626,518
Restricted	20,904,653
Unrestricted	(146,088,299)
TOTAL NET POSITION	<u>\$ (91,557,128)</u>

See notes to financial statement.

BEACON CITY SCHOOL DISTRICT
BEACON, NEW YORK
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

<u>FUNCTIONS & PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		<u>NET (EXPENSE) REVENUE & CHANGES IN NET POSITION</u>
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS</u>	
General Support	\$ (9,440,649)	\$ 90,531	\$ 0	\$ (9,350,118)
Instruction	(62,458,093)	0	1,833,822	(60,624,271)
Pupil Transportation	(4,452,504)	0	0	(4,452,504)
Community Services	(119,029)	0	0	(119,029)
Debt Service - Interest	(1,037,568)	0	0	(1,037,568)
Capital Outlay	(85,478)	0	0	(85,478)
School Lunch Program	(1,483,334)	602,331	691,824	(189,179)
TOTAL FUNCTIONS & PROGRAMS	<u>\$ (79,076,655)</u>	<u>\$ 692,862</u>	<u>\$ 2,525,646</u>	<u>(75,858,147)</u>
<u>GENERAL REVENUES</u>				
Real Property Taxes				35,651,784
Other Tax Items				3,486,812
Use of Money & Property				851,391
Sale of Property & Compensation for Loss				18,090
Miscellaneous				787,218
State Sources				29,044,085
TOTAL GENERAL REVENUES				<u>69,839,380</u>
CHANGE IN NET POSITION				(6,018,767)
NET POSITION, BEGINNING OF YEAR				<u>(85,538,361)</u>
NET POSITION, END OF YEAR				<u>\$ (91,557,128)</u>

See notes to financial statement.

BEACON CITY SCHOOL DISTRICT
BEACON, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

ASSETS	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
Unrestricted Cash	\$ 16,382,551	\$ 0	\$ 75,863	\$ 468,195	\$ 0	\$ 16,926,609
Restricted Cash	4,803,517	8,891	231,776	0	2,294,242	7,338,426
Taxes Receivable	1,027,195	0	0	0	0	1,027,195
State & Federal Aid Receivable	1,965,501	1,423,453	125,852	0	0	3,514,806
Due from Other Funds	2,387,417	138,347	0	7,852,998	295	10,379,057
Other Receivables, Net	97,319	0	1,988	0	0	99,307
Inventories	0	0	34,874	0	0	34,874
TOTAL ASSETS	\$ 26,663,500	\$ 1,570,691	\$ 470,353	\$ 8,321,193	\$ 2,294,537	\$ 39,320,274

LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES

LIABILITIES						
Accounts Payable	\$ 322,128	\$ 145,910	\$ 913	\$ 844,107	\$ 0	\$ 1,313,058
Accrued Liabilities	180,767	0	17	0	0	180,784
Due to Other Governments	0	0	486	0	0	486
Due to Other Funds	8,026,865	1,062,160	181,918	1,107,369	0	10,378,312
Due to Teachers' Retirement System	3,198,949	0	0	0	0	3,198,949
Due to Employees' Retirement System	215,322	0	0	0	0	215,322
Other Liabilities	61,451	0	0	0	0	61,451
Bond Anticipation Notes	1,291,130	0	0	7,652,998	0	8,944,128
Unearned Revenues	0	0	20,369	0	0	20,369
TOTAL LIABILITIES	13,296,612	1,208,070	203,703	9,604,474	0	24,312,859

DEFERRED INFLOWS OF RESOURCES

Deferred Tax Revenues	1,011,051	0	0	0	0	1,011,051
Deferred State Sources	594,745	0	0	0	0	594,745
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	14,902,408	1,208,070	203,703	9,604,474	0	25,918,655

FUND BALANCES

Nonspendable	0	0	34,874	0	0	34,874
Restricted	4,449,492	362,621	231,776	0	2,294,537	7,338,426
Assigned	2,895,887	0	0	0	0	2,895,887
Unassigned	4,415,713	0	0	(1,283,281)	0	3,132,432
TOTAL FUND BALANCES	11,761,092	362,621	266,650	(1,283,281)	2,294,537	13,401,619
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	\$ 26,663,500	\$ 1,570,691	\$ 470,353	\$ 8,321,193	\$ 2,294,537	\$ 39,320,274

See notes to financial statement.

BEACON CITY SCHOOL DISTRICT
BEACON, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS	TOTAL GOVERNMENTAL FUNDS	LONG-TERM ASSETS & LIABILITIES	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF NET POSITION
Unrestricted Cash	\$ 16,918,530	\$ 0	\$ 0	\$ 16,918,530
Restricted Cash	7,346,505	0	0	7,346,505
Taxes Receivable	1,027,195	0	0	1,027,195
State & Federal Aid Receivable	3,514,806	0	0	3,514,806
Due from Other Funds	10,379,057	0	(10,379,057)	0
Due from Fiduciary Funds	0	0	745	745
Other Receivables, Net	99,307	0	0	99,307
Inventories	34,874	0	0	34,874
TRS Net Pension Asset-Proportionate Share	0	2,944,285	0	2,944,285
Non Depreciable Capital Assets	0	5,710,928	0	5,710,928
Capital Assets, Net	0	59,441,796	0	59,441,796
TOTAL ASSETS	39,320,274	68,097,009	(10,378,312)	97,038,971
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charges	0	428,555.00	0	428,555
Pensions	0	16,469,174	0	16,469,174
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 39,320,274	\$ 84,994,738	\$ (10,378,312)	\$ 113,936,700
LIABILITIES				
Accounts Payable	\$ 1,313,058	\$ 0	\$ 0	\$ 1,313,058
Accrued Liabilities	180,784	339,398	0	520,182
Due to Other Governments	486	0	0	486
Due to Other Funds	10,378,312	0	(10,378,312)	0
Due to Teachers' Retirement System	3,198,949	0	0	3,198,949
Due to Employees' Retirement System	215,322	0	0	215,322
Other Liabilities	61,451	0	0	61,451
Bond Anticipation Notes	8,944,128	0	0	8,944,128
Unearned Revenues	20,369	0	0	20,369
Bonds Payable (including deferred amount on refunding)	0	28,872,358	0	28,872,358
Installment Purchase Debt	0	3,082,401	0	3,082,401
ERS Net Pension Liability-Proportionate Share	0	1,367,090	0	1,367,090
Compensated Absences	0	997,865	0	997,865
Other Postemployment Benefits	0	152,420,027	0	152,420,027
TOTAL LIABILITIES	24,312,859	187,079,139	(10,378,312)	201,013,686
DEFERRED INFLOWS OF RESOURCES				
Deferred Tax Revenues	1,011,051	(1,011,051)	0	0
Deferred State Sources	594,745	(594,745)	0	0
Pensions	0	4,480,142	0	4,480,142
TOTAL DEFERRED INFLOWS OF RESOURCES	1,605,796	2,874,346	0	4,480,142
FUND BALANCES / NET POSITION	13,401,619	(104,958,747)	0	(91,557,128)
TOTAL LIABILITIES & FUND BALANCES / NET POSITION	\$ 39,320,274	\$ 84,994,738	\$ (10,378,312)	\$ 113,936,700

See notes to financial statement.

BEACON CITY SCHOOL DISTRICT
BEACON, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Real Property Taxes	\$ 36,128,007	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,128,007
Other Tax Items	3,486,812	0	0	0	0	3,486,812
Charges for Services	90,531	0	0	0	0	90,531
Use of Money & Property	735,077	0	1,393	0	114,921	851,391
Sale of Property & Compensation for Loss	18,131	0	0	0	0	18,131
Miscellaneous	787,218	0	0	0	0	787,218
State Sources	28,566,795	881,617	22,243	0	0	29,470,655
Federal Sources	0	1,833,822	669,581	0	0	2,503,403
Sales	0	0	602,331	0	0	602,331
TOTAL REVENUES	69,812,571	2,715,439	1,295,548	0	114,921	73,938,479
EXPENDITURES						
General Support	6,563,838	0	0	0	0	6,563,838
Instruction	39,921,477	2,706,673	0	0	0	42,628,150
Pupil Transportation	2,865,620	67,916	0	0	0	2,933,536
Community Services	119,029	0	0	0	0	119,029
Employee Benefits	15,252,191	116,124	138,423	0	0	15,506,738
Debt Service:						
Principal	3,697,668	0	0	0	0	3,697,668
Interest	1,202,160	0	0	0	0	1,202,160
Cost of Sales	0	0	1,319,979	0	0	1,319,979
Capital Outlay	628,546	0	0	1,467,952	0	2,096,498
TOTAL EXPENDITURES	70,250,529	2,890,713	1,458,402	1,467,952	0	76,067,596
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	(437,958)	(175,274)	(162,854)	(1,467,952)	114,921	(2,129,117)
OTHER SOURCES & USES						
Operating Transfers In	0	175,274	100,000	200,000	0	475,274
Operating Transfers (Out)	(475,274)	0	0	0	0	(475,274)
TOTAL OTHER SOURCES & USES	(475,274)	175,274	100,000	200,000	0	0
NET CHANGE IN FUND BALANCE	(913,232)	0	(62,854)	(1,267,952)	114,921	(2,129,117)
FUND BALANCES, BEGINNING OF YEAR	12,674,324	362,621	329,504	(15,329)	2,179,616	15,530,736
FUND BALANCES, END OF YEAR	\$ 11,761,092	\$ 362,621	\$ 266,650	\$ (1,283,281)	\$ 2,294,537	\$ 13,401,619

See notes to financial statement.

BEACON CITY SCHOOL DISTRICT
BEACON, NEW YORK
 RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2019

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUE & EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF ACTIVITIES
REVENUES						
Real Property Taxes	\$ 36,128,007	\$ (476,223)	\$ 0	\$ 0	\$ 0	\$ 35,651,784
Other Tax Items	3,486,812	0	0	0	0	3,486,812
Charges for Services	90,531	0	0	0	0	90,531
Use of Money & Property	851,391	0	0	0	0	851,391
Sale of Property & Compensation for Loss	18,131	0	(41)	0	0	18,090
Miscellaneous	787,218	0	0	0	0	787,218
State Sources	29,470,655	(404,327)	0	0	0	29,066,328
Federal Sources	2,503,403	0	0	0	0	2,503,403
Sales	602,331	0	0	0	0	602,331
TOTAL REVENUES	73,938,479	(880,550)	(41)	0	0	73,057,888
EXPENDITURES						
General Support	6,563,838	108,556	13,599	0	2,754,656	9,440,649
Instruction	42,628,150	0	1,940,123	0	17,889,820	62,458,093
Pupil Transportation	2,933,536	0	287,846	0	1,231,122	4,452,504
Community Services	119,029	0	0	0	0	119,029
Employee Benefits	15,506,738	6,507,283	0	0	(22,014,021)	0
Debt Service:						
Principal	3,697,668	0	0	(3,697,668)	0	0
Interest	1,202,160	(50,320)	0	(114,272)	0	1,037,568
Cost of Sales	1,319,979	0	24,932	0	138,423	1,483,334
Capital Outlay	2,096,498	0	(2,011,020)	0	0	85,478
TOTAL EXPENDITURES	76,067,596	6,565,519	255,480	(3,811,940)	0	79,076,655
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	(2,129,117)	(7,446,069)	(255,521)	3,811,940	0	(6,018,767)
OTHER SOURCES & USES						
Operating Transfers In	475,274	0	0	0	(475,274)	0
Operating Transfers (Out)	(475,274)	0	0	0	475,274	0
TOTAL OTHER SOURCES & USES	0	0	0	0	0	0
NET CHANGE FOR THE YEAR	\$ (2,129,117)	\$ (7,446,069)	\$ (255,521)	\$ 3,811,940	\$ 0	\$ (6,018,767)

See notes to financial statement.

BEACON CITY SCHOOL DISTRICT
BEACON, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	<u>PRIVATE PURPOSE TRUSTS</u>	<u>AGENCY</u>
<u>ASSETS</u>		
Cash	\$ 167,024	\$ 154,939
Other Receivables	0	1,092
	<u>0</u>	<u>1,092</u>
TOTAL ASSETS	<u>\$ 167,024</u>	<u>\$ 156,031</u>
<u>LIABILITIES & NET POSITION</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 744
Extraclassroom Activity Balances	0	149,031
Other Liabilities	0	6,256
	<u>0</u>	<u>156,031</u>
TOTAL LIABILITIES	<u>0</u>	<u>\$ 156,031</u>
<u>NET POSITION</u>		
Restricted for Scholarships	<u>167,024</u>	
TOTAL LIABILITIES & NET POSITION	<u>\$ 167,024</u>	

See notes to financial statement.

BEACON CITY SCHOOL DISTRICT
BEACON, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>PRIVATE PURPOSE TRUSTS</u>
<u>ADDITIONS</u>	
Gifts and Contributions	\$ 56,197
Investment Earnings	1,311
TOTAL ADDITIONS	<u>57,508</u>
<u>DEDUCTIONS</u>	
Scholarships & Awards	5,500
Other Expenses	21,935
TOTAL DEDUCTIONS	<u>27,435</u>
CHANGE IN NET POSITION	30,073
NET POSITION, BEGINNING OF YEAR	<u>136,951</u>
NET POSITION, END OF YEAR	<u><u>\$ 167,024</u></u>

See notes to financial statement.

BEACON CITY SCHOOL DISTRICT
BEACON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES.

The financial statements of the Beacon City School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Where comparative amounts are presented, certain reclassifications may have been made to the prior year amounts so that they would be in conformity with the current year’s presentation. Significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

The Beacon City School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 9 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, The Financial Reporting Entity, as amended by GASB Statement 39, Component Units. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District’s reporting entity.

1. Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds have been included in this report. The District accounts for assets held as an agent for various student organizations in an agency fund.

BEACON CITY SCHOOL DISTRICT
BEACON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

B. Joint Venture

The District is a component district in the Dutchess County Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n (a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year ended June 30, 2019, the Beacon City School District was billed \$5,958,610 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$951,934. Financial statements for BOCES are available from the BOCES administrative office.

C. Basis of Presentation

1. District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

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