

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK

AUDIT REPORT FOR THE YEAR ENDED  
JUNE 30, 2020  
INCLUDING REPORTS ON FEDERAL AWARDS  
AND EXTRACLASROOM ACTIVITY FUNDS

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
JUNE 30, 2020  
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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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Jennifer A. Traverse, CPA

### **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, 2020, 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, 2020, 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 71 through 75 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 76 through 78 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 76 through 78 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 76 through 78 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 9, 2020, 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.

*Mugent & Hausler, P.C.*

Montgomery, New York  
October 9, 2020

## 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, 2020. 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**

The 2019-20 school year was definitely a year like no other. On March 13, 2020 Andrew Cuomo, the Governor of New York, closed schools due to the COVID-19 pandemic and asked all school districts to switch to remote learning for all of their students. Although school buildings were closed, the school district was still operating. Since all students were in remote learning, there were definitely cost savings in the areas of transportation, athletics and utilities. All cost savings from the 2019-20 school year were added to fund balance at June 30, 2020 and will be used to offset any state aid cuts that may occur in the 2020-21 school year.

#### **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			
	District-Wide	Fund Financial Statements	
		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"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
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, 2020 is \$(134,039,487). This is a \$42,482,359 decrease from last year's net position of \$(91,557,128). The following table provides a summary of the District's net position:

Summary of Net Position

	School District Activities			
	June 30, 2020	June 30, 2019	\$ Change	% Change
Current Assets	\$ 22,023,091	\$ 28,941,962	\$ (6,918,871)	-23.91%
Non Current Assets	74,692,367	68,097,009	6,595,358	9.69%
Total Assets	96,715,458	97,038,971	(323,513)	-0.33%
Deferred Outflows of Resources	17,568,163	16,897,729	670,434	3.97%
Current Liabilities	6,626,930	14,273,945	(7,647,015)	-53.57%
Long Term Liabilities	235,173,862	186,739,741	48,434,121	25.94%
Total Liabilities	241,800,792	201,013,686	40,787,106	20.29%
Deferred Inflows of Resources	6,522,316	4,480,142	2,042,174	45.58%
Net Position:				
Net Investment in Capital Assets	35,182,186	33,626,518	1,555,668	4.63%
Restricted	15,909,391	20,904,653	(4,995,262)	-23.90%
Unrestricted	(185,131,064)	(146,088,299)	(39,042,765)	-26.73%
Total Net Position	\$ (134,039,487)	\$ (91,557,128)	\$ (42,482,359)	-46.40%

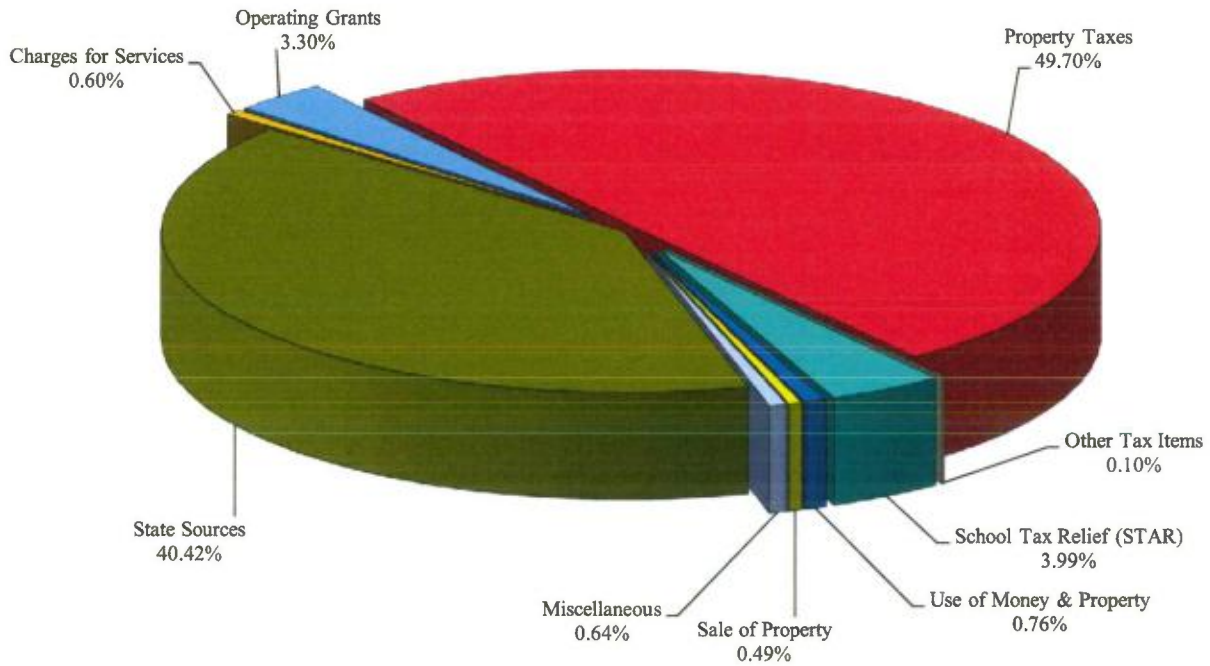
The following table and supporting graphs provides a summary of revenues, expenses and changes in net position for the year ended June 30, 2020 and 2019.

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

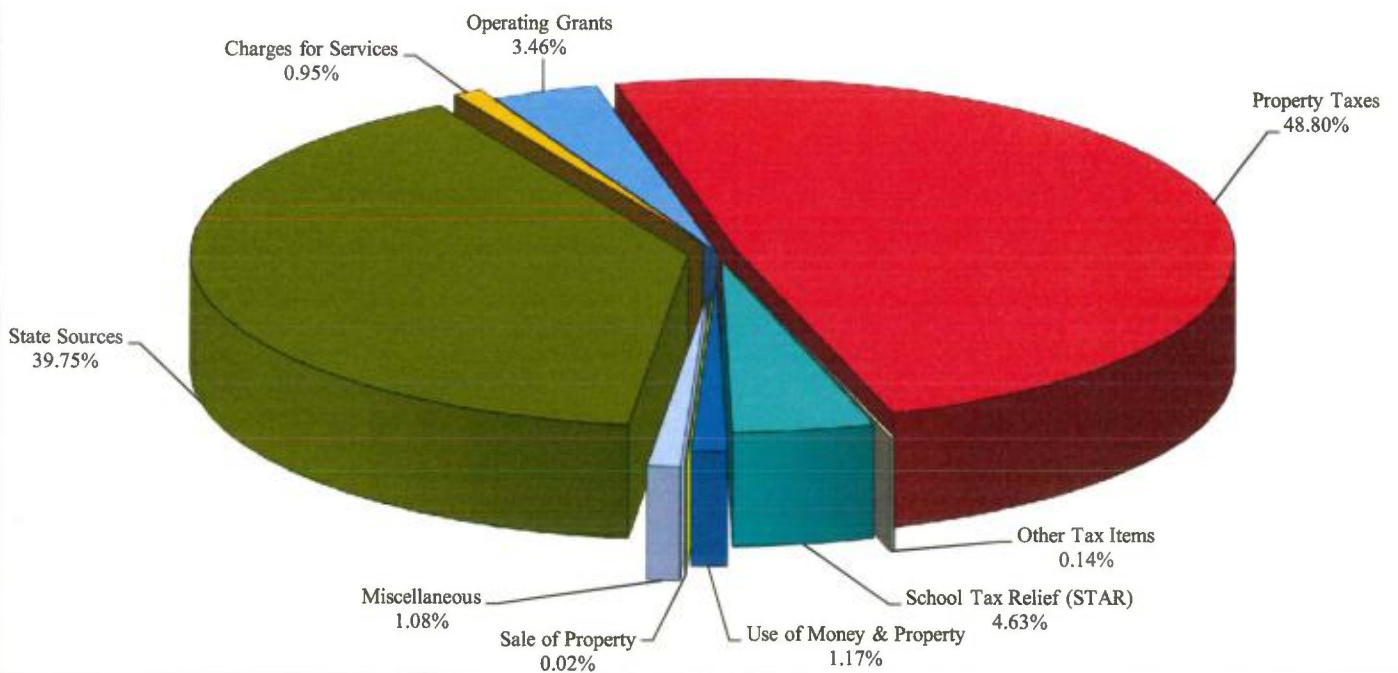
	FOR THE YEAR ENDED JUNE 30, 2020		FOR THE YEAR ENDED JUNE 30, 2019		\$ Change	% Change
		%		%		
<u>REVENUES</u>						
PROGRAM REVENUES:						
Charges for Services	\$ 451,144	0.60%	\$ 692,862	0.95%	\$ (241,718)	-34.89%
Operating Grants	2,497,521	3.30%	2,525,646	3.46%	(28,125)	-1.11%
GENERAL REVENUES:						
Property Taxes	37,589,962	49.70%	35,651,784	48.80%	1,938,178	5.44%
Other Tax Items	76,951	0.10%	105,476	0.14%	(28,525)	-27.04%
School Tax Relief (STAR)	3,019,643	3.99%	3,381,336	4.63%	(361,693)	-10.70%
Use of Money & Property	577,719	0.76%	851,391	1.17%	(273,672)	-32.14%
Sale of Property	368,521	0.49%	18,090	0.02%	350,431	1937.15%
Miscellaneous	482,189	0.64%	787,218	1.08%	(305,029)	-38.75%
State Sources	30,571,296	40.42%	29,044,085	39.75%	1,527,211	5.26%
TOTAL REVENUES	<u>75,634,946</u>	100.00%	<u>73,057,888</u>	100.00%	<u>2,577,058</u>	3.53%
<u>EXPENSES</u>						
General Support	7,382,273	6.25%	6,672,394	8.44%	709,879	10.64%
Instruction	42,475,932	35.96%	42,628,150	53.90%	(152,218)	-0.36%
Pupil Transportation	2,768,344	2.34%	2,933,536	3.71%	(165,192)	-5.63%
Community Services	104,143	0.09%	119,029	0.15%	(14,886)	-12.51%
Employee Benefits	60,203,431	50.97%	22,014,021	27.84%	38,189,410	173.48%
Debt Service Interest	1,137,322	0.96%	1,037,568	1.31%	99,754	9.61%
Depreciation	2,276,043	1.93%	2,266,500	2.87%	9,543	0.42%
Capital Outlay	492,930	0.42%	85,478	0.11%	407,452	476.67%
School Lunch Program	1,276,887	1.08%	1,319,979	1.67%	(43,092)	-3.26%
TOTAL EXPENSES	<u>118,117,305</u>	100.00%	<u>79,076,655</u>	100.00%	<u>39,040,650</u>	49.37%
CHANGES IN NET POSITION	<u>\$ (42,482,359)</u>		<u>\$ (6,018,767)</u>		<u>\$ (36,463,592)</u>	-605.83%

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK

**SOURCES OF REVENUES  
FOR THE YEAR ENDED JUNE 30, 2020**

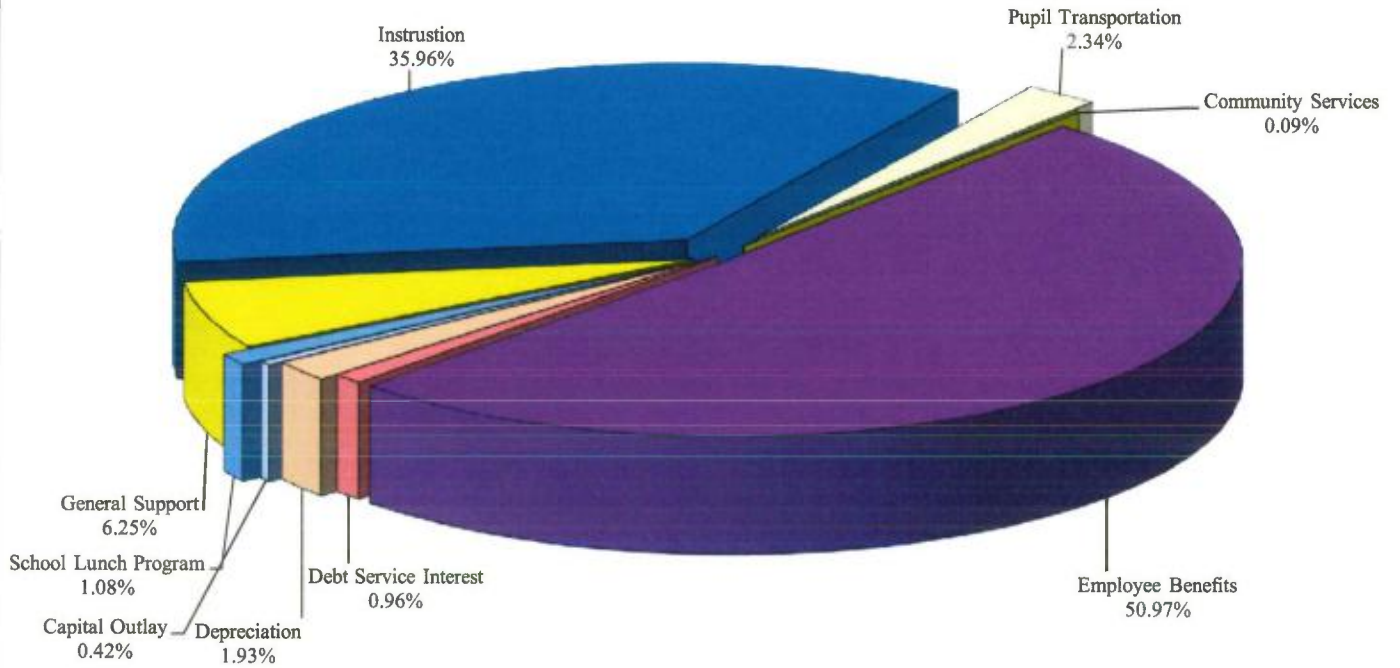


**SOURCES OF REVENUES  
FOR THE YEAR ENDED JUNE 30, 2019**

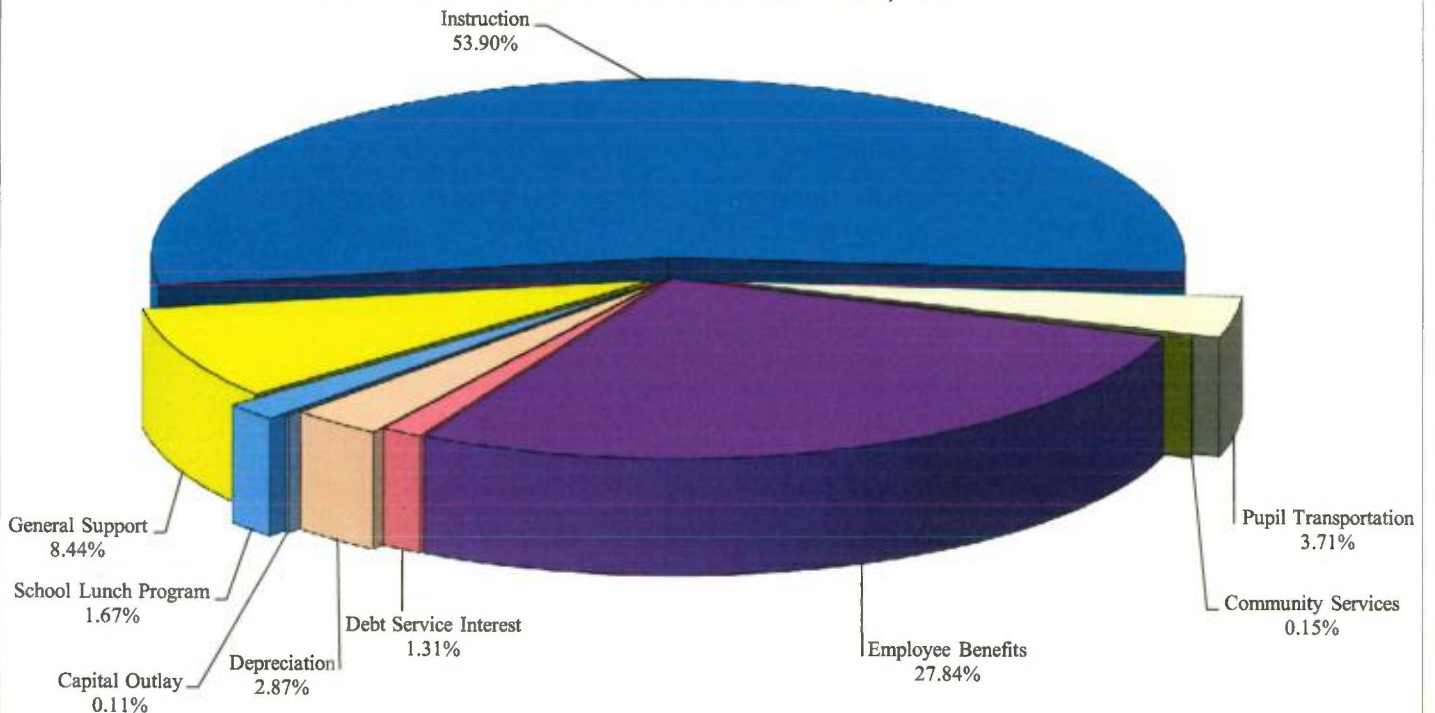


BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK

**EXPENSES FOR THE YEAR ENDED JUNE 30, 2020**



**EXPENSES FOR THE YEAR ENDED JUNE 30, 2019**

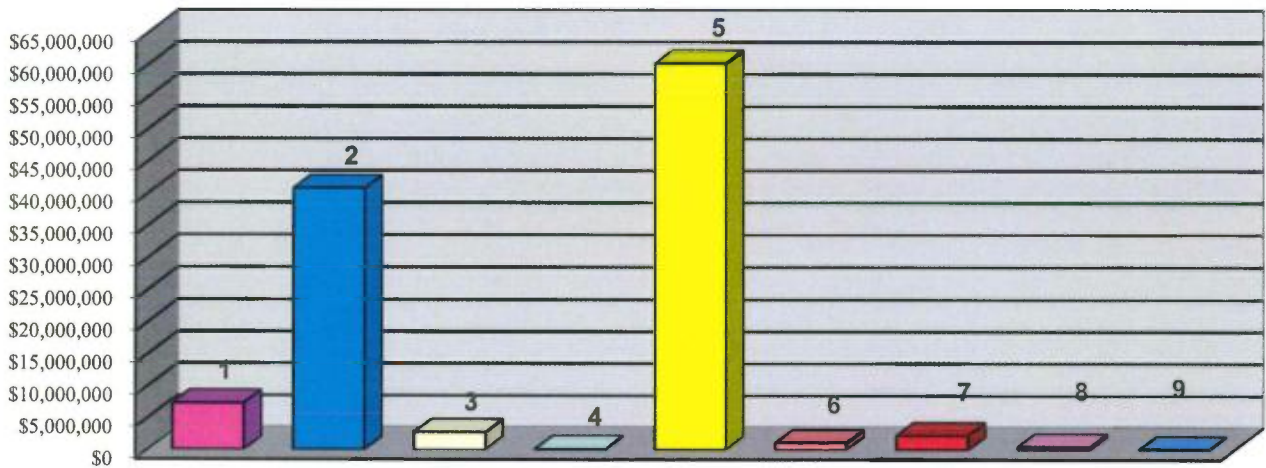


BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
STATEMENT OF ACTIVITIES  
NET COSTS

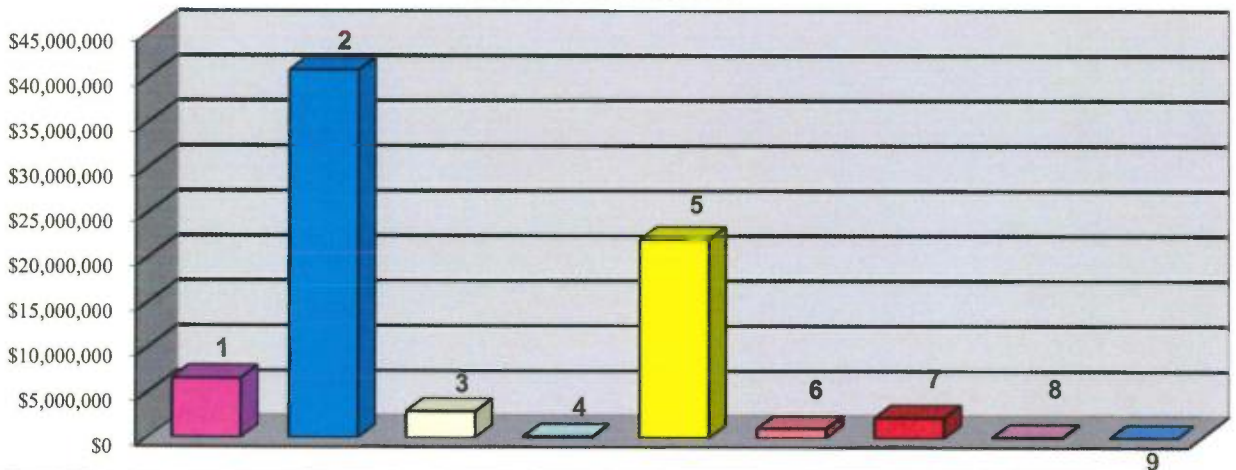
The following information is provided to disclose the net cost of governmental activities:

		TOTAL COST OF SERVICES 2019-2020	NET COST OF SERVICES 2019-2020	TOTAL COST OF SERVICES 2018-2019	NET COST OF SERVICES 2018-2019
General Support	1	\$ 7,382,273	\$ 7,326,131	\$ 6,672,394	\$ 6,581,863
Instruction	2	42,475,932	40,771,287	42,628,150	40,794,328
Pupil Transportation	3	2,768,344	2,768,344	2,933,536	2,933,536
Community Services	4	104,143	104,143	119,029	119,029
Employee Benefits	5	60,203,431	60,203,431	22,014,021	22,014,021
Debt Service - Interest	6	1,137,322	1,137,322	1,037,568	1,037,568
Depreciation	7	2,276,043	2,276,043	2,266,500	2,266,500
Capital Outlay	8	492,930	492,930	85,478	85,478
School Lunch Program	9	1,276,887	89,009	1,319,979	25,824
		<u>\$ 118,117,305</u>	<u>\$ 115,168,640</u>	<u>\$ 79,076,655</u>	<u>\$ 75,858,147</u>

**NET COSTS 2019-2020**



**NET COSTS 2018-2019**



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, 2020				
	Nonspendable	Restricted	Assigned	Unassigned	Total
General	24,825	\$ 3,149,651	\$ 2,971,175	\$ 4,543,044	\$ 10,688,695
Special Aid	0	362,621	0	0	362,621
School Lunch	88,533	29,735	0	0	118,268
Capital Projects	0	48,457	0	0	48,457
Debt Service	0	2,518,935	0	0	2,518,935
	<u>\$ 113,358</u>	<u>\$ 6,109,399</u>	<u>\$ 2,971,175</u>	<u>\$ 4,543,044</u>	<u>\$ 13,736,976</u>

	June 30, 2019				
	Nonspendable	Restricted	Assigned	Unassigned	Total
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>

General Fund Budgetary Highlights

For the year ended June 30, 2020, actual revenues were less than revised budgeted revenues by \$699,663 or .97%. The revenue source that significantly less the budgeted amount was Property Taxes as \$664,064 less was received than budgeted and Miscellaneous as \$139,945 less was received that was budgeted.

Concerning the expenditures for the year ended June 30, 2020, actual expenditures and encumbrances were less than revised budgeted expenditures by \$2,366,979 or 3.15%. Costs within various budget codes were less than budgeted amounts, in particular Employee Benefits was less than budgeted by \$1,291,546, Central Services was less than budgeted by \$597,297 and Pupil Transportation was less than budgeted by \$391,678.

For year 2020-2021, 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 2020-2021 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 \$148,716 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 \$118,268. During the year expenditures exceeded revenues by \$148,382 after an interfund transfer from the General Fund in the amount of \$100,000.

The Capital Projects Fund ended the year with a fund balance of \$48,457. During the year permanent financing was obtained in the amount of \$7,552,998.

Debt Service Fund ended the year with a fund balance of \$2,518,935. 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, 2020, was \$70,333,559. The District's investment in capital assets, net of accumulated depreciation as of June 30, 2019 was \$65,152,724. The total increase in this net investment was 7.95% for the District as a whole (see schedule below). The District expended \$7,456,877 to acquire and construct capital assets during the year ended June 30, 2020, depreciation expense for the year was \$2,276,042.

BEACON CITY SCHOOL DISTRICT

**Management Discussion and Analysis  
(Continued)**

Capital Asset and Debt Administration (Continued)

Capital Assets (Continued)

	School District Activities		% Change
	June 30, 2020	June 30, 2019	
<u>Non-Depreciable Assets:</u>			
Land	\$ 3,852,640	\$ 3,852,640	0.00%
Construction in Progress	9,179,549	1,858,288	393.98%
<u>Depreciable Assets:</u>			
Land Improvements	24,637	40,372	-38.98%
Building and Improvements	55,944,031	57,822,292	-3.25%
Furniture and Equipment	364,611	318,991	14.30%
Vehicles	968,091	1,260,142	-23.18%
<b>TOTALS</b>	<u>\$ 70,333,559</u>	<u>\$ 65,152,725</u>	7.95%

Long-Term Debt

At the end of the year, the District had total long term debt outstanding of \$33,706,840. 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:

	Beginning Balance	Issued	Paid	Ending Balance
Serial Bonds	\$ 26,885,000	\$ 7,552,998	\$ 3,580,000	\$ 30,857,998
Energy Performance Contract	3,082,401	0	233,559	2,848,842
<b>Total Bonded Debt Outstanding</b>	<u>\$ 29,967,401</u>	<u>\$ 7,552,998</u>	<u>\$ 3,813,559</u>	<u>\$ 33,706,840</u>

Bond Ratings

Moody'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, 2020

ASSETS

Unrestricted Cash	\$ 10,291,569
Restricted Cash	6,109,399
Taxes Receivable	1,328,895
State & Federal Aid Receivable	4,166,353
Due from Fiduciary Funds	1,217
Other Receivables, Net	12,300
Prepaid Expenditures	24,825
Inventories	88,533
TRS Net Pension Asset-Proportionate Share	4,358,808
Non Depreciable Capital Assets	13,032,189
Capital Assets, Net	57,301,370
<b>TOTAL ASSETS</b>	<u>96,715,458</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charges on Refunding	324,559
Pensions	17,243,604
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>17,568,163</u>

LIABILITIES

Accounts Payable	460,926
Accrued Liabilities	706,656
Due to Other Governments	67
Due to Fiduciary Funds	3,780
Due to Teachers' Retirement System	2,775,444
Due to Employees' Retirement System	213,152
Other Liabilities	50,738
Bond Anticipation Notes	2,381,600
Unearned Revenues	34,567
Long-term Liabilities:	
Due and Payable Within One Year:	
Bonds Payable (including deferred amount on refunding)	4,546,264
Installment Purchase Debt	239,602
Due and Payable In More Than One Year:	
Bonds Payable (including deferred amount on refunding)	28,080,826
Installment Purchase Debt	2,609,240
Compensated Absences	992,429
ERS Net Pension Liability-Proportionate Share	5,280,104
Other Postemployment Benefits	193,425,397
<b>TOTAL LIABILITIES</b>	<u>241,800,792</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	6,522,316
----------	-----------

NET POSITION

Net Investment in Capital Assets	35,182,186
Restricted	15,909,391
Unrestricted	(185,131,064)
<b>TOTAL NET POSITION</b>	<u>\$ (134,039,487)</u>

See notes to financial statement.



BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2020

ASSETS	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
Unrestricted Cash	\$ 9,720,374	\$ 0	\$ 112,695	\$ 458,500	\$ 0	\$ 10,291,569
Restricted Cash	3,607,954	108,063	29,735	48,457	2,315,190	6,109,399
Taxes Receivable	1,328,895	0	0	0	0	1,328,895
State & Federal Aid Receivable	2,890,750	1,210,622	64,981	0	0	4,166,353
Due from Other Funds	2,685,629	264,487	100,000	859,246	203,745	4,113,107
Other Receivables, Net	12,300	0	0	0	0	12,300
Prepaid Expenditures	24,825	0	0	0	0	24,825
Inventories	0	0	88,533	0	0	88,533
<b>TOTAL ASSETS</b>	<b>\$ 20,270,727</b>	<b>\$ 1,583,172</b>	<b>\$ 395,944</b>	<b>\$ 1,366,203</b>	<b>\$ 2,518,935</b>	<b>\$ 26,134,981</b>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES

LIABILITIES						
Accounts Payable	\$ 326,518	\$ 92,954	\$ 0	\$ 41,454	\$ 0	\$ 460,926
Accrued Liabilities	391,897	0	2,960	0	0	394,857
Due to Other Governments	0	0	67	0	0	67
Due to Other Funds	1,471,699	1,127,597	240,082	1,276,292	0	4,115,670
Due to Teachers' Retirement System	2,775,444	0	0	0	0	2,775,444
Due to Employees' Retirement System	213,152	0	0	0	0	213,152
Other Liabilities	50,738	0	0	0	0	50,738
Bond Anticipation Notes	2,381,600	0	0	0	0	2,381,600
Unearned Revenues	0	0	34,567	0	0	34,567
<b>TOTAL LIABILITIES</b>	<b>7,611,048</b>	<b>1,220,551</b>	<b>277,676</b>	<b>1,317,746</b>	<b>0</b>	<b>10,427,021</b>

DEFERRED INFLOWS OF RESOURCES

Deferred Tax Revenues	1,328,895	0	0	0	0	1,328,895
Deferred State Sources	642,089	0	0	0	0	642,089
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>9,582,032</b>	<b>1,220,551</b>	<b>277,676</b>	<b>1,317,746</b>	<b>0</b>	<b>12,398,005</b>

FUND BALANCES

Nonspendable	24,825	0	88,533	0	0	113,358
Restricted	3,149,651	362,621	29,735	48,457	2,518,935	6,109,399
Assigned	2,971,175	0	0	0	0	2,971,175
Unassigned	4,543,044	0	0	0	0	4,543,044
<b>TOTAL FUND BALANCES</b>	<b>10,688,695</b>	<b>362,621</b>	<b>118,268</b>	<b>48,457</b>	<b>2,518,935</b>	<b>13,736,976</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; FUND BALANCES</b>	<b>\$ 20,270,727</b>	<b>\$ 1,583,172</b>	<b>\$ 395,944</b>	<b>\$ 1,366,203</b>	<b>\$ 2,518,935</b>	<b>\$ 26,134,981</b>

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, 2020

<u>ASSETS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>	<u>LONG-TERM ASSETS &amp; LIABILITIES</u>	<u>RECLASSIFICATIONS &amp; ELIMINATIONS</u>	<u>STATEMENT OF NET POSITION</u>
Unrestricted Cash	\$ 10,291,569	\$ 0	\$ 0	\$ 10,291,569
Restricted Cash	6,109,399	0	0	6,109,399
Taxes Receivable	1,328,895	0	0	1,328,895
State & Federal Aid Receivable	4,166,353	0	0	4,166,353
Due from Other Funds	4,113,107	0	(4,113,107)	0
Due from Fiduciary Funds	0	0	1,217	1,217
Other Receivables, Net	12,300	0	0	12,300
Prepaid Expenditures	24,825	0	0	24,825
Inventories	88,533	0	0	88,533
TRS Net Pension Asset-Proportionate Share	0	4,358,808	0	4,358,808
Non Depreciable Capital Assets	0	13,032,189	0	13,032,189
Capital Assets, Net	0	57,301,370	0	57,301,370
<b>TOTAL ASSETS</b>	<b>26,134,981</b>	<b>74,692,367</b>	<b>(4,111,890)</b>	<b>96,715,458</b>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charges	0	324,559.00	0	324,559
Pensions	0	17,243,604	0	17,243,604
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 26,134,981</b>	<b>\$ 92,260,530</b>	<b>\$ (4,111,890)</b>	<b>\$ 114,283,621</b>
<u>LIABILITIES</u>				
Accounts Payable	\$ 460,926	\$ 0	\$ 0	\$ 460,926
Accrued Liabilities	394,857	311,799	0	706,656
Due to Other Governments	67	0	0	67
Due to Other Funds	4,115,670	0	(4,115,670)	0
Due to Fiduciary Funds	0	0	3,780	3,780
Due to Teachers' Retirement System	2,775,444	0	0	2,775,444
Due to Employees' Retirement System	213,152	0	0	213,152
Other Liabilities	50,738	0	0	50,738
Bond Anticipation Notes	2,381,600	0	0	2,381,600
Unearned Revenues	34,567	0	0	34,567
Bonds Payable (including deferred amount on refunding)	0	32,627,090	0	32,627,090
Installment Purchase Debt	0	2,848,842	0	2,848,842
ERS Net Pension Liability-Proportionate Share	0	5,280,104	0	5,280,104
Compensated Absences	0	992,429	0	992,429
Other Postemployment Benefits	0	193,425,397	0	193,425,397
<b>TOTAL LIABILITIES</b>	<b>10,427,021</b>	<b>235,485,661</b>	<b>(4,111,890)</b>	<b>241,800,792</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Tax Revenues	1,328,895	(1,328,895)	0	0
Deferred State Sources	642,089	(642,089)	0	0
Pensions	0	6,522,316	0	6,522,316
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,970,984</b>	<b>4,551,332</b>	<b>0</b>	<b>6,522,316</b>
<b>FUND BALANCES / NET POSITION</b>	<b>13,736,976</b>	<b>(147,776,463)</b>	<b>0</b>	<b>(134,039,487)</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES / NET POSITION</b>	<b>\$ 26,134,981</b>	<b>\$ 92,260,530</b>	<b>\$ (4,111,890)</b>	<b>\$ 114,283,621</b>

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, 2020

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>						
Real Property Taxes	\$ 37,272,118	\$ 0	\$ 0	\$ 0	\$ 0	\$ 37,272,118
Other Tax Items	3,096,594	0	0	0	0	3,096,594
Charges for Services	56,142	0	0	0	0	56,142
Use of Money & Property	352,865	0	456	0	224,398	577,719
Sale of Property & Compensation for Loss	368,521	0	0	0	0	368,521
Miscellaneous	482,189	0	0	0	0	482,189
State Sources	29,539,766	984,186	27,129	0	0	30,551,081
Federal Sources	0	1,704,645	765,747	0	0	2,470,392
Sales	0	0	395,002	0	0	395,002
<b>TOTAL REVENUES</b>	<b>71,168,195</b>	<b>2,688,831</b>	<b>1,188,334</b>	<b>0</b>	<b>224,398</b>	<b>75,269,758</b>
<b>EXPENDITURES</b>						
General Support	7,387,709	0	0	0	0	7,387,709
Instruction	39,865,919	2,610,014	0	0	0	42,475,933
Pupil Transportation	2,630,731	137,613	0	0	0	2,768,344
Community Services	104,143	0	0	0	0	104,143
Employee Benefits	15,182,076	89,920	159,829	0	0	15,431,825
Debt Service:						
Principal	3,813,559	0	0	0	0	3,813,559
Interest	1,279,193	0	0	0	0	1,279,193
Cost of Sales	0	0	1,276,887	0	0	1,276,887
Capital Outlay	628,546	0	0	7,321,260	0	7,949,806
<b>TOTAL EXPENDITURES</b>	<b>70,891,876</b>	<b>2,837,547</b>	<b>1,436,716</b>	<b>7,321,260</b>	<b>0</b>	<b>82,487,399</b>
<b>EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES</b>	<b>276,319</b>	<b>(148,716)</b>	<b>(248,382)</b>	<b>(7,321,260)</b>	<b>224,398</b>	<b>(7,217,641)</b>
<b>OTHER SOURCES &amp; USES</b>						
Proceeds from Debt	0	0	0	7,552,998	0	7,552,998
Operating Transfers In	0	148,716	100,000	1,100,000	0	1,348,716
Operating Transfers (Out)	(1,348,716)	0	0	0	0	(1,348,716)
<b>TOTAL OTHER SOURCES &amp; USES</b>	<b>(1,348,716)</b>	<b>148,716</b>	<b>100,000</b>	<b>8,652,998</b>	<b>0</b>	<b>7,552,998</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,072,397)</b>	<b>0</b>	<b>(148,382)</b>	<b>1,331,738</b>	<b>224,398</b>	<b>335,357</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>11,761,092</b>	<b>362,621</b>	<b>266,650</b>	<b>(1,283,281)</b>	<b>2,294,537</b>	<b>13,401,619</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 10,688,695</b>	<b>\$ 362,621</b>	<b>\$ 118,268</b>	<b>\$ 48,457</b>	<b>\$ 2,518,935</b>	<b>\$ 13,736,976</b>

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, 2020

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUE & EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF ACTIVITIES
<b>REVENUES</b>						
Real Property Taxes	\$ 37,272,118	\$ 317,844	\$ 0	\$ 0	\$ 0	\$ 37,589,962
Other Tax Items	3,096,594	0	0	0	0	3,096,594
Charges for Services	56,142	0	0	0	0	56,142
Use of Money & Property	577,719	0	0	0	0	577,719
Sale of Property & Compensation for Loss	368,521	0	0	0	0	368,521
Miscellaneous	482,189	0	0	0	0	482,189
State Sources	30,551,081	47,344	0	0	0	30,598,425
Federal Sources	2,470,392	0	0	0	0	2,470,392
Sales	395,002	0	0	0	0	395,002
<b>TOTAL REVENUES</b>	<b>75,269,758</b>	<b>365,188</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>75,634,946</b>
<b>EXPENDITURES</b>						
General Support	7,387,709	(5,436)	13,656	0	8,428,043	15,823,972
Instruction	42,475,933	0	1,948,292	0	48,457,379	92,881,604
Pupil Transportation	2,768,344	0	289,057	0	3,158,181	6,215,582
Community Services	104,143	0	0	0	0	104,143
Employee Benefits	15,431,825	44,771,607	0	0	(60,203,432)	0
Debt Service:						
Principal	3,813,559	0	0	(3,813,559)	0	0
Interest	1,279,193	(27,599)	0	(114,272)	0	1,137,322
Cost of Sales	1,276,887	0	25,036	0	159,829	1,461,752
Capital Outlay	7,949,806	0	(7,456,876)	0	492,930	492,930
<b>TOTAL EXPENDITURES</b>	<b>82,487,399</b>	<b>44,738,572</b>	<b>(5,180,835)</b>	<b>(3,927,831)</b>	<b>0</b>	<b>118,117,305</b>
<b>EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES</b>	<b>(7,217,641)</b>	<b>(44,373,384)</b>	<b>5,180,835</b>	<b>3,927,831</b>	<b>0</b>	<b>(42,482,359)</b>
<b>OTHER SOURCES &amp; USES</b>						
Proceeds from Debt	7,552,998	0	0	(7,552,998)	0	0
Operating Transfers In	1,348,716	0	0	0	(1,348,716)	0
Operating Transfers (Out)	(1,348,716)	0	0	0	1,348,716	0
<b>TOTAL OTHER SOURCES &amp; USES</b>	<b>7,552,998</b>	<b>0</b>	<b>0</b>	<b>(7,552,998)</b>	<b>0</b>	<b>0</b>
<b>NET CHANGE FOR THE YEAR</b>	<b>\$ 335,357</b>	<b>\$ (44,373,384)</b>	<b>\$ 5,180,835</b>	<b>\$ (3,625,167)</b>	<b>\$ 0</b>	<b>\$ (42,482,359)</b>

See notes to financial statement.

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2020

	<u>PRIVATE PURPOSE TRUSTS</u>	<u>AGENCY</u>
<u>ASSETS</u>		
Cash	\$ 173,403	\$ 154,355
Other Receivables	0	1,366
Due from Other Funds	3,780	0
	<u>3,780</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 177,183</u>	<u>\$ 155,721</u>
<u>LIABILITIES &amp; NET POSITION</u>		
<u>LIABILITIES</u>		
Due to Other Funds	0	1,217
Extraclassroom Activity Balances	0	144,223
Other Liabilities	0	10,281
	<u>0</u>	<u>10,281</u>
TOTAL LIABILITIES	<u>0</u>	<u>\$ 155,721</u>
<u>NET POSITION</u>		
Restricted for Scholarships	<u>177,183</u>	
TOTAL LIABILITIES & NET POSITION	<u>\$ 177,183</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, 2020

	<u>PRIVATE PURPOSE TRUSTS</u>
<u>ADDITIONS</u>	
Gifts and Contributions	\$ 46,005
Investment Earnings	510
TOTAL ADDITIONS	<u>46,515</u>
<u>DEDUCTIONS</u>	
Scholarships & Awards	6,050
Other Expenses	30,306
TOTAL DEDUCTIONS	<u>36,356</u>
CHANGE IN NET POSITION	10,159
NET POSITION, BEGINNING OF YEAR	<u>167,024</u>
NET POSITION, END OF YEAR	<u><u>\$ 177,183</u></u>

See notes to financial statement.



BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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, 2020

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, 2020, the Beacon City School District was billed \$6,702,471 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,285,699. 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.

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

C. Basis of Presentation (Continued)

2. Funds Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

Special Aid Fund: Used to account for proceeds received from State and Federal grants that are restricted for specific educational programs.

School Lunch Fund: This fund is used to account for the school lunch operations. The school lunch operation is supported by federal and state grants and charges participants for its services.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

The District reports the following fiduciary funds:

Fiduciary Fund: Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Agency funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

D. Measurement Focus and Basis of Accounting

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

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1<sup>st</sup> and became a lien on August 26, 2019. Taxes were collected during the period September 6, 2019 through November 4, 2019.

The City of Beacon and Dutchess County enforce uncollected real property taxes. An amount representing all uncollected real property taxes must be transmitted by the City and Dutchess County to the District within two years from the return of unpaid taxes to the city. Real property taxes receivable expected to be collected within 60 days of year-end, less similar amounts collected during this period in the preceding year are recognized as revenue. Otherwise, deferred revenues offset real property taxes receivable.

F. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted Net Position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

G. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 9. for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

I. Cash and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of United States and its agencies and obligations of the State and its municipalities and Districts.

Investments are stated at fair value, where applicable.

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

J. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K. Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. A reserve for these non-liquid assets has been recognized in the School Lunch Fund to signify that a portion of fund balance is not available for other subsequent expenditures.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the statement of Net Position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

L. Other Assets/Restricted Assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants.

M. Capital Assets

Capital assets are reported at cost for acquisitions. For assets acquired prior to June 30, 2002, estimated historical costs based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

Land and construction-in-process are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land Improvements	\$ 5,000	Straight Line	50 years
Buildings and Improvements	5,000	Straight Line	50 years
Furniture and Equipment	5,000	Straight Line	5 - 20 years
Vehicles	5,000	Straight Line	5 - 20 years

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

N. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The District reports deferred amounts on refunding in the Statement of Net Position as a deferred outflow of resources. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second deferred outflow is related to pensions reported in the Statement of Net Position. For additional information on these deferred outflows related to pensions, See Note 8.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. The District reports deferred inflows of resources in the Statement of Net Position related to pensions reported in the district-wide statements. For additional information on deferred inflows related to pensions, see Note 8.

O. Deferred and Unearned Revenue

The District reports deferred and unearned revenues on its Statement of Net Position and its Balance Sheet. Deferred revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the deferred or unearned revenues are removed and revenues are recorded.

P. Vested Employee Benefits

1. Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical/personal time. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

P. Vested Employee Benefits (Continued)

1. Compensated Absences (Continued)

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken in varying time periods. Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the funds statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

2. Other Benefits

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's full time employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

Q. Short-Term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's and TAN's represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second year succeeding the year in which the note was issued.



BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

Q. Short-Term Debt (Continued)

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes are converted to long-term financing within five years after the original issue date.

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

R. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other postemployment benefits and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

S. Equity Classifications

1. District-wide Statements

In the district-wide statements there are three classes of Net Position:

Net Investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

Restricted Net Position - reports Net Position when constraints placed on the position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - reports all other Net Position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

S. Equity Classifications (Continued)

2. Funds Statements

In the fund statements there are five fund balance classifications:

Non-spendable: Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Non-spendable fund balance includes inventory in the School Lunch Fund of \$88,533 and prepaid expense in the General Fund of \$24,825.

Restricted: Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The District has established the following reserves that have been included in restricted fund balance:

Unemployment Insurance Reserve

Unemployment Insurance Reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

Insurance Reserve

Insurance Reserve is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated.

There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the General Fund.

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

S. Equity Classifications (Continued)

2. Funds Statements (Continued)

Reserve for Tax Reduction

Reserve for Tax Reduction (Education Law §1604(36) and §1709(37)) is used for the gradual use of the proceeds of the sale of school district real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the District is permitted to retain the proceeds of the sale for a period not to exceed ten years, and to use them during that period for tax reduction. The reserve is accounted for in the General Fund.

Reserve for Debt Service

Mandatory Reserve for Debt Service (GML §6-1) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the Debt Service Fund.

Tax Certiorari Reserve

Tax Certiorari Reserve (Education Law §3651.1-a) is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth year after deposit of these monies. The reserve is accounted for in the General fund.

Employee Benefit Accrued Liability Reserve

Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

S. Equity Classifications (Continued)

2. Funds Statements (Continued)

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

S. Equity Classifications (Continued)

2. Funds Statements (Continued)

Restricted fund balance at June 30, 2020 consisted of:

General Fund:		
Unemployment Insurance Reserve	\$ 7,055	
Insurance Reserve	125,000	
Tax Reduction	200,200	
Tax Certiorari Reserve	893,946	
Employee Benefit Accrued Liability Reserve	1,103,340	
Retirement Contribution Reserve	820,110	\$ 3,149,651
Special Aid Fund		362,621
School Lunch Fund		29,735
Capital Projects Fund		48,457
Debt Service Fund:		2,518,935
Total Restricted Fund Balance		\$ 6,109,399

Committed: Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education. The District did not classify any of its fund balances as committed as of June 30, 2020.

Assigned: Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the year.

Unassigned: Includes fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, negative unassigned fund balance is reported.

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

S. Equity Classifications (Continued)

2. Funds Statements (Continued)

Order of Use of Fund Balance:

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Limitation on Unexpended Surplus Funds:

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds the District can retain to no more than 4% of the District's General Fund budget for the ensuing year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

T. New Accounting Standards

GASB has issued Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in GASB Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the several pronouncements were postponed by one year. Effective dates provided in Note U have been updated to reflect this.

U. Future Changes in Accounting Standards

GASB has issued Statement 84, *Fiduciary Activities*, which will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. The focus of the criteria is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2021 financial statements.

GASB has issued Statement 87, *Leases*, which will increase the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were not classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use and underlying asset. Under, this

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

U. Future Changes in Accounting Standards (Continued)

Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2022 financial statements.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2022 financial statements.

GASB has issued Statement 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, which will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and will improve the relevance of financial statement information of certain component units. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2021 financial statements.

GASB has issued Statement 91, *Conduit Debt Obligations*, which will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2023 financial statements.

GASB has issued Statement 92, *Omnibus 2020*, which will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.

The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2022 financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, which addresses accounting and financial reporting implications that result from the replacement of an IBOR (interbank offered rate). The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2021 financial statements.

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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

U. Future Changes in Accounting Standards (Continued)

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will improve financial reporting by establishing the definitions of public-public partnership arrangements (PPPs) and availability payment arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2023 financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2023 financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, which will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2022 financial statements.



BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS.

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

Total fund balances of the District's governmental funds differ from "Net Position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

1. The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives. The balances at June 30, 2020 were as follows:

Original Cost of Capital Assets	\$ 117,289,637
Accumulated Depreciation	<u>(46,956,078)</u>
	<u>\$ 70,333,559</u>

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:  
(Continued)

2. In the Statement of Net Position, a liability is recognized for the District's proportionate share of the net pension liability attributable to each defined benefit pension plan in which the District participates. A net pension liability is measured as the proportionate share of the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service (proportionate share of total pension liability), net of the proportionate share of that pension plan's fiduciary net position. If a pension plan's fiduciary net position exceeds its total pension liability, the District's proportionate share of the pension plan's net pension asset is recognized. Also, deferred outflows and inflows of resources related to pensions primarily result from contributions subsequent to the measurement date, as well as changes in the components of the net pension liability or asset. However, none of these amounts are included on the Balance Sheet as they are only recognized to the extent the pension liability is normally expected to be liquidated with expendable available financial resources. These balances at June 30, 2020 were as follows:

TRS Net Pension Asset - Proportionate Share	\$	4,358,808
Deferred Outflows of Resources - Pensions		17,243,604
ERS Net Pension liability - Proportionate Share		(5,280,104)
Deferred Inflows of Resources - Pensions		(6,522,316)
	\$	<u>9,799,992</u>

3. Because the governmental funds focus on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenue in the governmental funds, and thus are not included in fund balance. They are however, included in the net position of the governmental activities.

Adjustments of Deferred Revenue	\$	<u>(1,970,984)</u>
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4. Interest is accrued in the Statement of Net Position, regardless of when it is due. This liability does not appear on the Balance Sheet because interest is expended when it is due, and thus requires the use of current financial resources. This liability at June 30, 2020 was as follows:

Accrued Interest	\$	<u>311,799</u>
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BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:  
(Continued)

5. Long-term liabilities reported in the Statement of Net Position, but not in the Balance Sheet, because the liabilities are not due and payable in the current period. The balances at June 30, 2020 were as follows:

Bonds Payable		\$ 30,857,998
Deferred Premium on Refunding		1,769,092
Installment Purchase Debt		2,848,842
Compensated Absences		992,429
Other Postemployment Benefits		193,425,397
		\$ 229,893,758

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. The amounts shown below represent:

1. Long-Term Revenue Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

3. Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities: (Continued)

4. Pension Plan Transaction Differences

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

5. Other Postemployment Benefit (OPEB) Related Differences

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

Explanation of Differences between Governmental Funds Operating Statement and the Statement of Activities

Total Revenues and Other Funding Sources

Total revenues and other funding sources reported in governmental funds (Schedule 5)	\$ 82,822,756
Because some revenue will not be collected for several months after the District's fiscal year-end, they are not considered as "available" revenues in the governmental funds. However, they are considered to be earned in the Statement of Activities. This is the amount by which the revenues recognized in the statement of activities this year were greater than in the previous year.	365,188
Proceeds from current refunding is a revenue in the governmental funds, but increases liabilities in the Statement of Net Position, and does not affect the Statement of Activities .	<u>(7,552,998)</u>
Total revenues in the Statement of Activities (Schedule 2)	<u><u>\$ 75,634,946</u></u>

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities (Continued):

Explanation of Differences between Governmental Funds Operating Statement and the Statement of Activities (Continued)

Total Expenditures & Other Uses/Expenses

Total expenditures and other uses reported in governmental funds (Schedule 5)	\$ 82,487,399
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<p>When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures of \$7,456,877 were more than depreciation of \$2,276,043 in the current year.</p>	(5,180,835)
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<p>In the Statement of Activities, certain operating expenses (compensated absences and special termination benefits) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This is the amount by which compensated absences incurred were less than the amounts paid or payable during the year.</p>	(5,436)
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<p>In the Statement of Activities, the expense for other postemployment benefits (OPEB) includes changes in the OPEB liability such as service cost, interest cost and changes in benefit terms, as well as amortization of deferred outflows of resources and deferred inflows of resources related to OPEB. In the governmental funds, however, OPEB expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). This is the amount by which the OPEB expense in the Statement of Activities exceeded the amount of financial resources used during the year.</p>	41,005,370
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BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities (Continued):

Explanation of Differences between Governmental Funds Operating Statement and the Statement of Activities (Continued)  
Total Expenditures and Other Uses/Expenses (Continued)

Interest payable is recognized as an accrued liability in the entity wide statements under full accrual accounting whereas it is not under the governmental fund statements. This is the amount by which interest payable this year was less than the interest payable last year.	(27,599)
Premiums and discounts on long-term debt issuances, bond issuance costs and deferred amounts from debt refundings are recognized in the fiscal year in which the transactions occur in the governmental fund statements. These amounts are amortized in the Statement of Activities This is the amount that was amortized during the fiscal year.	(114,272)
In the Statement of Activities , pension expense related to ERS and TRS defined benefit pension plans is measured as the change in the District's proportionate shares of the net pension assets and liabilities as of the measurement dates for each plan. In the governmental funds however, these expenditures are recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. This is the amount by which pension expense exceeded the amount of financial resources expended during the year.	3,766,237
Repayment of bond and installment debt principal is an expenditure in the governmental funds, but reduces liabilities in the Statement of Net Assets, and does not affect the Statement of Activities	<u>(3,813,559)</u>
Total expenses in the Statement of Activities (Schedule 2)	<u><u>\$ 118,117,305</u></u>

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 3. STEWARDSHIP AND COMPLIANCE.

A. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

The voters of the District approved the proposed appropriation budget for the General Fund. Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations that occurred during the year are shown on Supplemental Schedule #5.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2020.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent years until the completion of the projects.

B. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 3. STEWARDSHIP AND COMPLIANCE. (Continued)

C. Other Stewardship and Compliance Matters

The Districts fund balance subject to New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year, was in excess of the 4% limitation. The District plans to review health and safety issues within the District and make budgetary adjustments where necessary to address this issue.

NOTE 4. CASH - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, FOREIGN CURRENCY RISKS AND INVESTMENT POOL.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes. The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	\$ 0.
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$ 19,493,972.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$6,109,399 within the governmental funds.

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

The District participates in a multi-municipal cooperative investment pool agreements pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

Total investments in the NYClass cooperative as of year-end are \$3,364,214,294, which consisted of \$214,167,351 in repurchase agreements, \$1,823,159,976 in U.S. Treasury Bills, \$242,274,458 in U.S. Treasury Securities and \$1,084,612,509 in collateralized bank deposits all with various interest rate and due dates.

Total investments of the New York Liquid Asset Fund cooperative as of year-end are \$141,036,435, which consisted of \$54,504,297 in U. S. Treasury Bills, \$84,569,215 in Money Market Accounts, \$2,212,500 in Government Related Investments and -\$249,578 in cash & equivalents all with various interest rate and due dates.



BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 4. CASH - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, FOREIGN CURRENCY RISKS AND INVESTMENT POOL. (Continued)

The following amounts invested in this cooperative are included as unrestricted and restricted cash:

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
General Fund	\$ 2,166,524	\$ 2,166,524

The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report of Cooperative Liquid Assets Securities System – New York (NYClass) and the New York Liquid Asset Fund (NYLAF).

NOTE 5. CAPITAL ASSETS.

Capital asset balances and activity for the year ended June 30, 2020, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 3,852,640	\$ 0	\$ 0	\$ 3,852,640
Construction in Progress	1,858,288	7,321,261	0	9,179,549
Total Nondepreciable Assets	<u>5,710,928</u>	<u>7,321,261</u>	<u>0</u>	<u>13,032,189</u>
Capital assets that are depreciated:				
Land Improvements	628,262	0	0	628,262
Buildings and Improvements	93,193,647	30,648	0	93,224,295
Furniture & Equipment	3,589,112	104,968	0	3,694,080
Vehicles	6,710,811	0	0	6,710,811
Total Depreciable Assets	<u>104,121,832</u>	<u>135,616</u>	<u>0</u>	<u>104,257,448</u>
Less: Accumulated Depreciation	<u>(44,680,036)</u>	<u>(2,276,042)</u>	<u>0</u>	<u>(46,956,078)</u>
Capital Assets, Net	<u>\$ 65,152,724</u>	<u>\$ 5,180,835</u>	<u>\$ 0</u>	<u>\$ 70,333,559</u>

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 5. CAPITAL ASSETS. (Continued)

Depreciation expense was charged to governmental functions as follows:

General Support	\$	13,656
Instruction		1,948,293
Transportation		289,057
Cost of Sales		<u>25,036</u>
Total Depreciation	\$	<u><u>2,276,042</u></u>

NOTE 6. SHORT-TERM DEBT.

Transactions in short-term debt for the year are summarized below:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Paid/ Redeemed</u>	<u>Ending Balance</u>
BAN maturing 06/21/21 at 2.50%	\$ 0	\$ 2,381,600	\$ 0	\$ 2,381,600
BAN maturing 06/19/20 at 2.50%	8,944,128	0	8,944,128	0
Total Short-Term Debt	<u>\$ 8,944,128</u>	<u>\$ 2,381,600</u>	<u>\$ 8,944,128</u>	<u>\$ 2,381,600</u>

Interest on short-term debt for the year was composed of:

Interest Expense		<u>\$ 222,361</u>
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BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 7. LONG-TERM LIABILITIES.

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Issued	Paid/ Redeemed	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
Bonds Payable	\$ 26,885,000	\$ 7,552,998	\$ 3,580,000	\$ 30,857,998	\$ 4,327,998
Deferred Amount on Refunding	1,987,358	0	218,266	1,769,092	218,266
Installment Purchase Debt	3,082,401	0	233,559	2,848,842	239,602
Total Bonds and Notes Payable	<u>31,954,759</u>	<u>7,552,998</u>	<u>4,031,825</u>	<u>35,475,932</u>	<u>4,785,866</u>
Other Liabilities:					
Compensated Absences	997,865	992,429	997,865	992,429	0
Other Postemployment Benefits	152,420,027	44,130,306	3,124,936	193,425,397	0
Net Pension Liability Proportionate Share	1,367,090	5,748,328	1,835,314	5,280,104	0
Total Other Liabilities	<u>154,784,982</u>	<u>50,871,063</u>	<u>5,958,115</u>	<u>199,697,930</u>	<u>0</u>
Total Long-Term Liabilities	<u>\$ 186,739,741</u>	<u>\$ 58,424,061</u>	<u>\$ 9,989,940</u>	<u>\$ 235,173,862</u>	<u>\$ 4,785,866</u>

At June 30, 2020, the deferred amount on refunding includes unamortized premiums of \$1,769,092. This amount is being amortized over the life of the debt issuance to which it relates.

Existing serial bond and installment purchase obligations are as follows:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Balance
Serial Bonds	Various	Various	Various	\$ 30,857,998
Installment Purchase Debt	Various	Various	Various	2,848,842
				<u>\$ 33,706,840</u>

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 7. LONG-TERM LIABILITIES. (Continued)

The following is a summary of maturing debt service requirements:

For the Year Ended June 30,	Bonds and Notes Payable	
	Principal	Interest
2021	\$ 4,567,600	\$ 1,095,434
2022	4,035,802	973,039
2023	3,327,162	858,541
2024	3,443,687	743,429
2025	2,985,380	616,217
2026 - 2030	12,903,527	1,539,734
2031 - 2035	2,443,682	133,976
TOTAL	\$ 33,706,840	\$ 5,960,370

Interest on long-term debt for the year was composed of:

Interest paid	\$	1,056,832
Less: Interest accrued in the prior year		(339,398)
Amortization of premiums, deferred amounts on refunding and bond issue costs.		(114,272)
Plus: Interest accrued in the current year		311,799
Total interest expense	\$	914,961

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 8. PENSION PLANS.

Employees' Retirement System Plan Description

The District participates in the New York State and Local Employees' Retirement System (ERS). ERS and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement System (the ERS System). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the ERS System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the ERS System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. Separately issued financial statements for the System can be accessed on the Comptroller's website at [www.osc.state.ny.us/retire/about\\_us/financial\\_statements\\_inde.php](http://www.osc.state.ny.us/retire/about_us/financial_statements_inde.php).

Teachers' Retirement System Plan Description

The New York State Teachers Retirement System (the TRS System) was created and exists pursuant to Article 11 of the New York State Education Law. The System is the administrator of a cost-sharing, multiple-employer public employee retirement system (PERS), administered by a 10-member Board to provide pension and ancillary benefits to teachers employed by participating employers in the State of New York, excluding New York City. For additional Plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the System's website located at [www.nystrs.org](http://www.nystrs.org).

ERS Benefits Provided

The ERS System provides retirement benefits as well as death and disability benefits.

*Tiers 1 and 2*

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 8. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

*Tiers 1 and 2 (Continued)*

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

*Tiers 3, 4, and 5*

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

*Tier 6*

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 8. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

*Tier 6 (Continued)*

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied 1 for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

*Special Plans*

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

*Disability Retirement Benefits*

Disability retirement benefits are available to ERS and PFRS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets or other benefits depend on a member's tier, years of service, and plan.

*Ordinary Death Benefits*

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

BEACON CITY SCHOOL DISTRICT  
BEACON, NEW YORK  
NOTES TO FINANCIAL STATEMENTS  
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NOTE 8. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

*Post-Retirement Benefit Increases*

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for 10 years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

TRS Benefits Provided

The benefits provided to members of the TRS System are established by New York State and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and are subdivided into the following six classes:

*Tier 1*

Members who last joined prior to July 1, 1973 are covered by the provisions of Article 11 of the Education Law.

*Tier 2*

Members who last joined on or after July 1, 1973 and prior to July 27, 1976 are covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law (RSSL).

*Tier 3*

Members who last joined on or after July 27, 1976 and prior to September 1, 1983 are covered by the provisions of Article 14 and Article 15 of the RSSL.

*Tier 4*

Members who last joined on or after September 1, 1983 and prior to January 1, 2010 are covered by the provisions of Article 15 of the RSSL.



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NOTE 8. PENSION PLANS. (Continued)

TRS Benefits Provided (Continued)

*Tier 5*

Members who joined on or after January 1, 2010 and prior to April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

*Tier 6*

Members who joined on or after April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

*Service Retirements*

Tier 1 members are eligible, beginning at age 55, for a service retirement allowance of approximately 2% per year of credit service times final average salary.

Under Article 19 of the RSSL, eligible Tiers 1 and 2 members can receive additional service credit of one-twelfth of a year for each year of retirement credit as of the date of retirement or death up to a maximum of two additional years.

Tiers 2 through 5 are eligible for the same but with the following limitations: (1) Tiers 2 through 4 members receive an unreduced benefit for retirement at age 62 or retirement at ages 55 through 61 with 30 years of service or a reduced benefit for retirement at ages 55 through 61 with less than 30 years of service. (2) Tier 5 members receive an unreduced benefit for retirement at age 62 or retirement at ages 57 through 61 with 30 years of service. They receive a reduced benefit for retirement at ages 55 and 56 regardless of service credit, or ages 57 through 61 with less than 30 years of service.

Tier 6 members are eligible for a service retirement allowance of 1.75% per year of credited service years of service plus 2% per year for years of service in excess of 20 years' times final average salary. Tier 6 members receive an unreduced benefit for retirement at age 63. They receive a reduced benefit at ages 55 through 62 regardless of service credit.

*Vested Benefits*

Retirement benefits after 5 years of credited service except for Tiers 5 and 6 where 10 years of credited service are required. Benefits are payable at age 55 or greater with the limitations noted for service requirements above.

*Disability Retirement*

Members are eligible for disability retirement benefits after 10 years of credited New York State service except for Tier 3 where disability retirement is permissible after 5 years of credited New York State service pursuant to the provisions of Article 14 of the RSSL. The Tier 3 benefit is integrated with Social Security.

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NOTE 8. PENSION PLANS. (Continued)

TRS Benefits Provided (Continued)

*Death Benefits*

Death benefits are paid to the beneficiary of active members who die in service. The benefit is based on final salary and the number of years of credited service.

*Prior Service*

After 2 years of membership, members of all tiers may claim and receive credit for prior New York State public or teaching service. Only Tiers 1 and 2 members may, under certain conditions, claim out of state service.

*Tier Reinstatement*

In accordance with Chapter 640 of the Laws of 1998, any active member who had a prior membership may elect to be reinstated to their original date and Tier of membership.

*Permanent Cost of Living Adjustment (COLA)*

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the consumer price index not to exceed 3% nor be lower than 1%. It is applied to the first eighteen thousand dollars of the annual benefit. The applicable percentage payable beginning September 2019 is 1.0%.

Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the consumer price index with a maximum per annum increase of 3%.

Contributions

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years. These contributions were as follows: