

CITY OF BEACON, NEW YORK

**Basic Financial Statements
Supplementary Information and
Independent Auditors' Report**

December 31, 2021

CITY OF BEACON, NEW YORK

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 13
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position	17
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	19
Statement of Net Position - Proprietary Funds	20
Statement of Revenue, Expenses and Changes in Net Position - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22
Statement of Fiduciary Net Position - Fiduciary Fund	23
Statement of Changes in Net Position - Fiduciary Fund	24
Notes to Financial Statements	25 - 53

CITY OF BEACON, NEW YORK

Table of Contents, Continued

	<u>Page</u>
Required Supplementary Information:	
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	54
Schedule of City's Proportionate Share of the Net Pension Liabilities	55
Schedule of City's Pension Contributions	56
Schedule of Changes in the City's Total Pension Liability - Length of Service Award Program	57
Schedule of Changes in the City's Total OPEB Liability and Related Ratios	58
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government</u> <u>Auditing Standards</u>	59 - 60

* * * * *

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the City Council
City of Beacon, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beacon, New York (the City), as of and for the year ended December 31, 2021, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2021, 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 (GAAP).

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

Required Supplementary Information

GAAP requires that the management's discussion and analysis and the other required supplementary information as listed in the table of contents, 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 GAAS, 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 23, 2023, on our consideration of the City'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 City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
May 23, 2023

CITY OF BEACON, NEW YORK
Management's Discussion and Analysis
December 31, 2021

Our discussion and analysis of the City's financial performance provides an overview of the City's financial activities for the year ended December 31, 2021. Please read it in conjunction with the City's basic financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. For proprietary funds, the statements reflect business-type activities, but on the same basis as the government-wide statements. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statement provides financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

One of the most important questions about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid. These two statements report the City's net position and changes in them. You can think of the City's net position - assets and deferred outflows less liabilities and deferred inflows - as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the statement of net position and the statement of activities, we divide the City into two kinds of activities:

- Governmental activities - Most of the City's basic services are reported here, including the police, fire, public works, and parks departments, and general administration. Property taxes, franchise fees, and state and federal grants finance most of these activities.
- Business-type activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer systems are reported here.

CITY OF BEACON, NEW YORK
Management's Discussion and Analysis, Continued

Reporting the City's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law. However, the City Council established other funds to show that it is meeting legal responsibilities for using certain grants, and other money (like grants received from the U.S. Department of Housing and Urban Development). The City's two kinds of funds - governmental and proprietary - use different accounting approaches.

- **Governmental funds** - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliations after each governmental funds financial statement.
- **Proprietary funds** - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows. The City's Volunteer Firefighter Length of Service Award Program (LOSAP) is included in the proprietary funds as an internal service fund. When reported in the government-wide statements it is blended with the governmental activities.

The City as Trustee

The City is responsible for other assets in an agency capacity. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

CITY OF BEACON, NEW YORK
Management's Discussion and Analysis, Continued

FINANCIAL HIGHLIGHTS

GOVERNMENTAL ACTIVITIES

Statement of Net Position - Governmental Activities

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Assets:			
Cash and equivalents	\$ 17,921,570	16,669,369	1,252,201
Receivables	2,965,080	2,541,032	424,048
Due from other governments	1,871,431	1,286,585	584,846
Internal balances	(1,361,925)	(33,338)	(1,328,587)
Investments - LOSAP	796,768	638,385	158,383
Prepaid expenses	582,020	415,052	166,968
Capital assets	<u>53,391,403</u>	<u>53,851,702</u>	<u>(460,299)</u>
Total assets	<u>76,166,347</u>	<u>75,368,787</u>	<u>797,560</u>
Deferred outflows of resources	<u>20,221,845</u>	<u>15,878,273</u>	<u>4,343,572</u>
Liabilities:			
Accounts payable and other liabilities	4,552,457	4,588,989	(36,532)
BANs payable	-	4,832,063	(4,832,063)
Bonds payable	25,070,677	21,751,306	3,319,371
Total OPEB liability	49,570,306	52,065,310	(2,495,004)
Total pension liability - LOSAP	1,630,093	1,294,973	335,120
Net pension liabilities, proportionate share	<u>2,557,537</u>	<u>9,177,568</u>	<u>(6,620,031)</u>
Total liabilities	<u>83,381,070</u>	<u>93,710,209</u>	<u>(10,329,139)</u>
Deferred inflows of resources	<u>20,191,343</u>	<u>7,240,294</u>	<u>12,951,049</u>
Net position (deficit):			
Net investment in capital assets	29,539,721	29,093,278	446,443
Restricted	132,934	149,433	(16,499)
Unrestricted (deficit)	<u>(36,856,876)</u>	<u>(38,946,154)</u>	<u>2,089,278</u>
Total net position (deficit)	\$ <u>(7,184,221)</u>	<u>(9,703,443)</u>	<u>2,519,222</u>

CITY OF BEACON, NEW YORK
Management's Discussion and Analysis, Continued

Statement of Activities - Governmental Activities

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Program revenue:			
Charges for services	\$ 2,012,669	1,572,580	440,089
Operating and capital grants	1,491,061	1,201,719	289,342
General revenue:			
Real property taxes and tax items	12,589,462	12,036,836	552,626
Other taxes	6,224,303	5,300,395	923,908
Unrestricted grants and contributions	1,537,978	1,542,078	(4,100)
Interest earnings	95,607	148,919	(53,312)
Other revenue	<u>1,280,363</u>	<u>1,479,667</u>	<u>(199,304)</u>
Total revenue	<u>25,231,443</u>	<u>23,282,194</u>	<u>1,949,249</u>
Expenses:			
General government support	2,937,345	3,665,993	(728,648)
Public safety	12,558,322	11,536,562	1,021,760
Transportation	3,929,188	6,012,315	(2,083,127)
Economic assistance and opportunity	22,460	-	22,460
Culture and recreation	1,034,263	972,358	61,905
Home and community services	1,506,386	1,554,092	(47,706)
Interest	<u>724,257</u>	<u>718,139</u>	<u>6,118</u>
Total expenses	<u>22,712,221</u>	<u>24,459,459</u>	<u>(1,747,238)</u>
Change in net position	\$ <u>2,519,222</u>	<u>(1,177,265)</u>	<u>3,696,487</u>

The City's governmental activities statement of net position reflects an overall increase of \$2,519,222 as revenue exceeded expenses.

The governmental activities shows a cash balance \$17,921,570. This is a combination of general fund cash of \$15,983,135, capital projects cash of \$1,646,544, cash of \$267,183 in the nonmajor fund and cash of \$24,708 in the internal service fund. Capital projects cash is a result of unspent monies for projects currently underway.

CITY OF BEACON, NEW YORK
Management's Discussion and Analysis, Continued

Governmental activities related projects (roads, sidewalks, buildings, highway and public safety equipment) are reflected in the capital assets of \$53,391,403 which is net of depreciation. The City capitalized \$2,630,471 of expenditures, \$1,065,814 to machinery and equipment, and \$1,564,657 to construction in progress of which \$1,542,189 was related to streets and sidewalks, and \$22,468 for firehouse renovation designs. Also, \$726,838 of construction in progress was placed into service while machinery and equipment with a cost of \$614,460 and accumulated depreciation of \$612,427 was disposed.

Bond anticipation notes decreased \$4,832,063 as the City refinanced to long-term debt.

Bonds payable increased \$3,319,371 a result of the issuance of a bond offset by principal payments on long-term debt.

The liabilities also showed a decrease of \$6,620,031 in the net pension liabilities, proportionate share. These amounts are determined by New York State and reported to the City.

GENERAL FUND

The City's general fund accounts for the general operations of the City. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Overall in 2021, general fund revenue increased by \$1,775,866 and expenditures increased by \$365,234. With the adoption of the 2021 budget, the City appropriated \$2,273,843 of fund balance and increased the tax levy \$295,379 and managed to stay under the 2% tax cap. Specific results to note were revenue received in excess of budget:

- \$614,545 more in tax interest, back tax collection and installment agreements.
- \$746,744 in sale, franchise and utility taxes.
- \$1,974,236 in state aid.

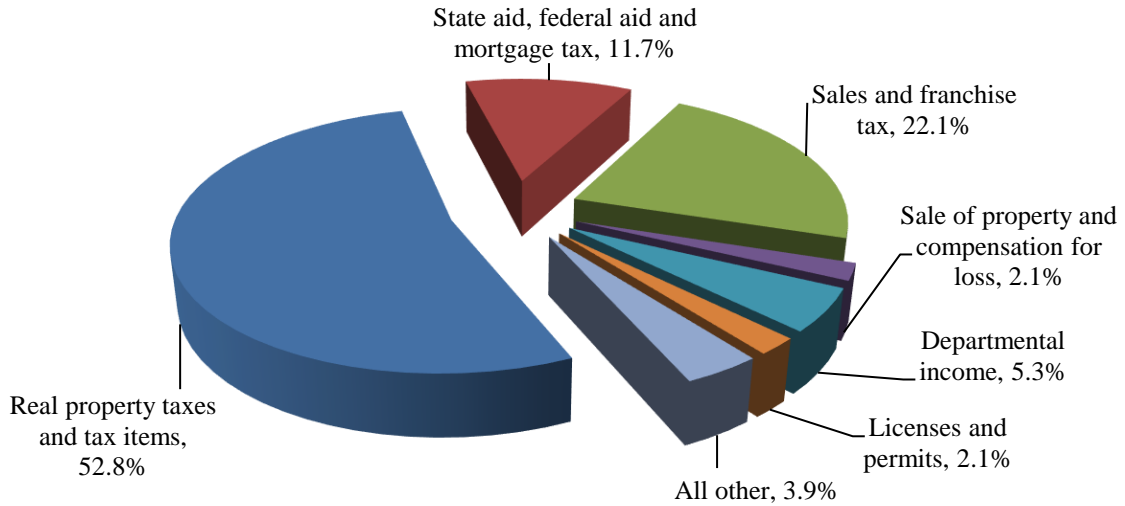
The City saved in almost every department budget across the board and only spent 95% of its expenditure budget. The City approximately saved:

- \$381,025 in salaries.
- \$1,263,304 in contractual items.

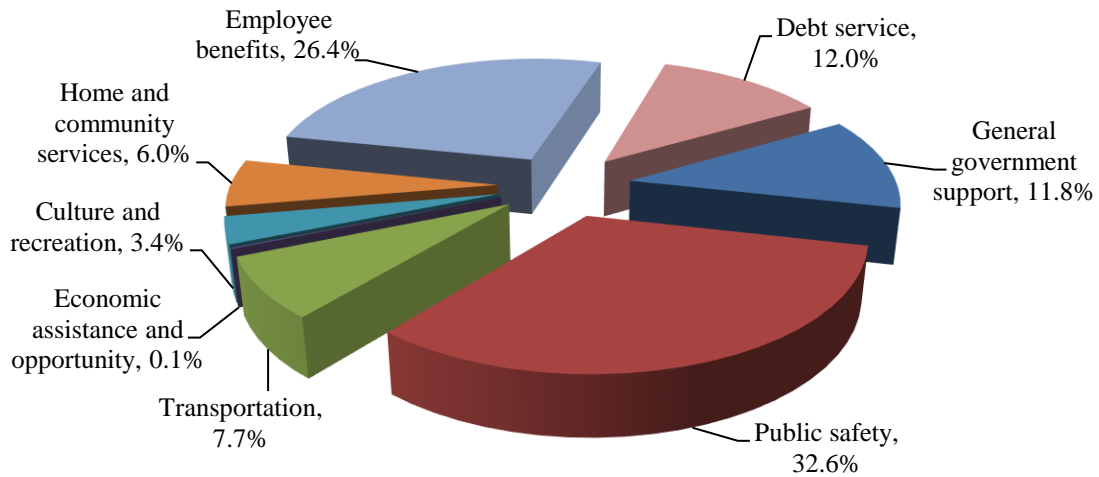
CITY OF BEACON, NEW YORK
 Management's Discussion and Analysis, Continued

Below are graphs of the general fund's revenue and expenditures to illustrate the sources and uses of the operating fund.

General Fund Revenue 2021



General Fund Expenses 2021



CITY OF BEACON, NEW YORK
Management's Discussion and Analysis, Continued

CAPITAL PROJECTS FUND

Starting in 2011 and continuing through 2021, the City has had several major projects underway. These projects are accounted for in the capital projects fund and were originally financed primarily through the use of short-term bond anticipation notes (BANs). The City has since converted all outstanding BANs to bonds.

In 2021, the City spent \$1,564,657 on various roads, sidewalks, building upgrades, parking lots and parks and \$1,065,814 was expended on machinery and equipment which have been included as capitalized assets within governmental activities.

PROPRIETARY FUNDS

Water and sewer funds of the City are considered to be proprietary funds (business-type). Below is an analysis to show the 2021 versus 2020 balances and operations.

<u>Statement of Net Position - Business-type Activities</u>			
	<u>2021</u>	<u>2020</u>	<u>Change</u>
Assets:			
Cash and equivalents	\$ 11,655,843	10,988,575	667,268
Receivables	4,034,332	2,138,758	1,895,574
Internal balances	(658,365)	(1,417,775)	759,410
Prepaid expenses	68,590	46,197	22,393
Capital assets	<u>32,774,504</u>	<u>30,364,590</u>	<u>2,409,914</u>
Total assets	<u>47,874,904</u>	<u>42,120,345</u>	<u>5,745,559</u>
Deferred outflows of resources	<u>2,618,507</u>	<u>2,544,659</u>	<u>73,848</u>
Liabilities:			
Accounts payable and other liabilities	640,543	783,594	(143,051)
BANs payable	-	11,457,152	(11,457,152)
Bonds payable	31,471,959	14,668,762	16,803,197
Total OPEB liability	9,284,646	9,611,445	(326,799)
Net pension liabilities, proportionate share	<u>4,742</u>	<u>1,265,354</u>	<u>(1,260,612)</u>
Total liabilities	<u>41,401,890</u>	<u>37,786,307</u>	<u>3,615,583</u>
Deferred inflows of resources	<u>3,214,433</u>	<u>1,384,071</u>	<u>1,830,362</u>
Net position (deficit):			
Net investment in capital assets	10,658,166	11,442,725	(784,559)
Unrestricted (deficit)	<u>(4,781,078)</u>	<u>(5,948,099)</u>	<u>1,167,021</u>
Total net position	\$ <u>5,877,088</u>	<u>5,494,626</u>	<u>382,462</u>

CITY OF BEACON, NEW YORK
Management's Discussion and Analysis, Continued

The City's water and sewer funds (business-type activities) show a combined increase of \$382,462 in net position. Capital assets increased as additions of \$3,950,899 were greater than depreciation of \$1,540,985. Liabilities increased \$3,615,583 mainly due to a net increase in bonds payable of \$16,803,197 which was offset by a decrease in BANs payable of \$11,457,152, a decrease in the total OPEB liability of \$326,799, and a decrease in the net pension liabilities of \$1,260,612, which is determined by the New York State Comptroller.

Statement of Revenue, Expenses and Changes in
Net Position - Business-type Activities

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Program revenue - Charges for services and grants	\$ 8,750,630	9,825,463	(1,074,833)
General revenue - Investment earnings	<u>28,717</u>	<u>25,848</u>	<u>2,869</u>
Total revenue	<u>8,779,347</u>	<u>9,851,311</u>	<u>(1,071,964)</u>
Expenses:			
Water	3,539,771	3,230,308	309,463
Sewer	<u>4,857,114</u>	<u>4,239,364</u>	<u>617,750</u>
Total expenses	<u>8,396,885</u>	<u>7,469,672</u>	<u>927,213</u>
Change in net position	\$ <u>382,462</u>	<u>2,381,639</u>	<u>(1,999,177)</u>

The water fund shows an increase in net position of \$206,153 from current year activities. As these financial statements are on a full accrual basis, postemployment benefits, as described above, compensated absences (unused but earned employee leave time) and depreciation on fixed assets are included expenses. For 2021, other postemployment benefit costs amounted to \$256,056 and depreciation expense amounted to \$528,790.

The sewer fund shows an increase in net position of \$176,309 from current year activities. As noted with the water fund above these financial statements are on a full accrual basis as described above, expenses such as other postemployment benefits amounting to \$312,901 and depreciation on fixed assets of \$1,012,195 are calculated in that figure.

ACTIVITIES REGARDING CAPITAL ASSETS

The City has \$5,263,174 of construction in progress as of December 31, 2021. Most of this pertains to road reconstruction, sidewalks, lighting projects, and water and sewer main improvements.

CITY OF BEACON, NEW YORK
Management's Discussion and Analysis, Continued

LONG TERM DEBT

Total long term serial bond debt as of December 31, 2021 was \$56,355,722. \$24,892,763 of this balance is general fund debt. The water and sewer portions of the debt amount to \$9,107,671 and \$22,355,288, respectively. Water and sewer debt is paid by the water and sewer customers. The general fund paid \$1,834,228 in long-term debt principal in 2021. The water and sewer funds paid \$310,732 and \$675,040, respectively, in long-term debt principal in 2021.

SIGNIFICANT ECONOMIC FACTORS

The City enjoys continuing development interest in a variety of areas of the community.

Some of the current projects are described below:

Permits in 2021 were issued for:

Ferry Landing - 6 townhouses
Eliza St. - 3 Buildings which include 9 1,800 sq. ft. apartments
Edgewater Building 6 - Foundation
Mason Circle - 89 Apartments totaling 108,139 sq. ft.
Single Family Housing - 6 Houses

Certificates of Occupancy in 2021 were issued for:

30 Beekman St - 14 Condominiums
Single Family Housing - 10 Houses
226 Main Street - 6 Condominiums
249 Main Street - 11 Condominiums
511 Fishkill Ave - 13,620 sq. ft. arcade and accessory bar
511 Fishkill Ave - 33,553 sq. ft. warehouse

These properties added significantly to the tax base and therefore lowering the tax rate for 2022's budget. As a result of the development and interest in Beacon, the City added \$169.5 million to the overall tax base, \$163 million to Homestead and \$6.5 million to Non-Homestead. The increased tax base helped the City to provide a tax rate decrease of 9.7% to the homestead tax base and non-homestead parcels received a modest 3.1% increase after 8 years of decreases.

The City also has several projects that received approval and will receive building permits in 2022. Some of the major projects include the 1st phase of a large development which include three buildings with 106 units. Also, a new building on Main Street from a previously vacant lot. That project is a 4 story, 12,000 sq. ft. building with the first 3 floors as commercial space with the 4th floor as residential. These projects will be issued certificates of occupancy in 2023 and 2024, therefore expanding the tax base in 2024 and 2025.

CITY OF BEACON, NEW YORK
Management's Discussion and Analysis, Continued

The increased population of 13,769 (U.S. Census 2020 estimate) will help keep Main Street, which features many restaurants and art galleries, alive during lowered tourist activity during the weekdays.

Moody's reviews the City's financial condition with annually and continues to classify the City with an outstanding bond rating of Aa2. The City's latest credit opinion can be found here: <https://www.moodys.com/credit-ratings/Beacon-City-of-NY-credit-rating-600025516/reports>.

After several years of recession and downward spirals of property assessments, the City is currently on an upward swing with property prices and assessments on the rise. The City continues to enjoy a strong real estate market for both residential and commercial. Following the national trend, people are moving back to the City to enjoy our services, shopping, nightlife and walkable nature of the City.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Beacon, New York's finances. Questions about this report should be addressed to Office of the City Administrator, 1 Municipal Plaza, Beacon, New York 12508.

CITY OF BEACON, NEW YORK
Statement of Net Position
December 31, 2021

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and equivalents	\$ 17,921,570	11,655,843	29,577,413
Receivables	2,965,080	4,012,962	6,978,042
Due from other governments	1,871,431	21,370	1,892,801
Internal balances	(1,361,925)	(658,365)	(2,020,290)
Investments - LOSAP	796,768	-	796,768
Prepaid expenses	582,020	68,590	650,610
Total current assets	<u>22,774,944</u>	<u>15,100,400</u>	<u>37,875,344</u>
Noncurrent assets:			
Land	11,028,672	1,061,955	12,090,627
Infrastructure, net of accumulated depreciation	24,447,651	25,868,591	50,316,242
Buildings, improvements, machinery and equipment, net of accumulated depreciation	15,610,403	2,885,461	18,495,864
Construction in progress	2,304,677	2,958,497	5,263,174
Total noncurrent assets	<u>53,391,403</u>	<u>32,774,504</u>	<u>86,165,907</u>
Total assets	<u>76,166,347</u>	<u>47,874,904</u>	<u>124,041,251</u>
Deferred outflows of resources	<u>20,221,845</u>	<u>2,618,507</u>	<u>22,840,352</u>
Liabilities:			
Current liabilities:			
Accounts payable	917,348	309,472	1,226,820
Accrued liabilities	262,354	82,218	344,572
Other liabilities	1,241,345	-	1,241,345
Current portion of long-term liabilities:			
Compensated absences	141,639	17,419	159,058
Landfill remediation liability	8,000	-	8,000
Bonds payable, non-capital	31,200	-	31,200
Bonds payable, capital	2,162,227	1,262,292	3,424,519
Total current liabilities	<u>4,764,113</u>	<u>1,671,401</u>	<u>6,435,514</u>
Noncurrent liabilities:			
Judgments and claims	60,000	-	60,000
Compensated absences	1,881,771	231,434	2,113,205
Landfill remediation liability	40,000	-	40,000
Bonds payable, non-capital	17,090	-	17,090
Bonds payable, capital	22,860,160	30,209,667	53,069,827
Total OPEB liability	49,570,306	9,284,646	58,854,952
Total pension liability - LOSAP	1,630,093	-	1,630,093
Net pension liabilities, proportionate share	2,557,537	4,742	2,562,279
Total noncurrent liabilities	<u>78,616,957</u>	<u>39,730,489</u>	<u>118,347,446</u>
Total liabilities	<u>83,381,070</u>	<u>41,401,890</u>	<u>124,782,960</u>
Deferred inflows of resources	<u>20,191,343</u>	<u>3,214,433</u>	<u>23,405,776</u>
Net position (deficit):			
Net investment in capital assets	29,539,721	10,658,166	40,197,887
Restricted	132,934	-	132,934
Unrestricted (deficit)	(36,856,876)	(4,781,078)	(41,637,954)
Total net position (deficit)	<u>\$ (7,184,221)</u>	<u>5,877,088</u>	<u>(1,307,133)</u>

See accompanying notes to financial statements.

CITY OF BEACON, NEW YORK
Statement of Activities
Year ended December 31, 2021

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net Revenue (Expense) and Changes in Net Position</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Governmental activities:							
General government support	\$ 2,937,345	725,635	-	-	(2,211,710)	-	(2,211,710)
Public safety	12,558,322	538,733	207,651	332,250	(11,479,688)	-	(11,479,688)
Transportation	3,929,188	341,025	980	885,064	(2,702,119)	-	(2,702,119)
Economic assistance and opportunity	22,460	-	17,797	-	(4,663)	-	(4,663)
Culture and recreation	1,034,263	289,304	44,845	-	(700,114)	-	(700,114)
Home and community services	1,506,386	117,972	2,474	-	(1,385,940)	-	(1,385,940)
Interest	724,257	-	-	-	(724,257)	-	(724,257)
Total governmental activities	<u>22,712,221</u>	<u>2,012,669</u>	<u>273,747</u>	<u>1,217,314</u>	<u>(19,208,491)</u>	<u>-</u>	<u>(19,208,491)</u>
Business-type activities:							
Water fund	3,539,771	3,736,485	-	-	-	196,714	196,714
Sewer fund	4,857,114	5,014,145	-	-	-	157,031	157,031
Total business-type activities	<u>8,396,885</u>	<u>8,750,630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>353,745</u>	<u>353,745</u>
	<u>\$ 31,109,106</u>	<u>10,763,299</u>	<u>273,747</u>	<u>1,217,314</u>	<u>(19,208,491)</u>	<u>353,745</u>	<u>(18,854,746)</u>
General revenue:							
Taxes:							
Real property taxes					11,571,262	-	11,571,262
Real property tax items					1,018,200	-	1,018,200
Sales tax distribution					4,882,113	-	4,882,113
Mortgage tax					936,873	-	936,873
Utilities tax					189,325	-	189,325
Franchise tax					215,992	-	215,992
Unrestricted grants and contributions					1,537,978	-	1,537,978
Interest earnings					95,607	22,620	118,227
Sale of property and compensation for loss					645,150	6,097	651,247
Miscellaneous					635,213	-	635,213
Total general revenue					<u>21,727,713</u>	<u>28,717</u>	<u>21,756,430</u>
Change in net position					2,519,222	382,462	2,901,684
Net position (deficit) at beginning of year					<u>(9,703,443)</u>	<u>5,494,626</u>	<u>(4,208,817)</u>
Net position (deficit) at end of year					<u>\$ (7,184,221)</u>	<u>5,877,088</u>	<u>(1,307,133)</u>

See accompanying notes to financial statements.

CITY OF BEACON, NEW YORK
Balance Sheet - Governmental Funds
December 31, 2021

	General <u>Fund</u>	Capital Projects <u>Fund</u>	Nonmajor Governmental <u>Fund</u>	Total Governmental <u>Funds</u>
<u>Assets</u>				
Cash and equivalents	\$15,983,135	1,646,544	267,183	17,896,862
Receivables:				
Taxes	2,770,129	-	-	2,770,129
Other	183,334	-	-	183,334
Mortgage loans receivable	-	-	11,617	11,617
Due from other funds	3,541,289	6,865,598	-	10,406,887
Due from other governments	1,128,958	-	-	1,128,958
State and federal receivables	253,034	489,439	-	742,473
Prepaid expenditures	<u>578,080</u>	<u>-</u>	<u>-</u>	<u>578,080</u>
Total assets	<u>\$24,437,959</u>	<u>9,001,581</u>	<u>278,800</u>	<u>33,718,340</u>
<u>Liabilities, Deferred Inflows and Fund Balances</u>				
Liabilities:				
Accounts payable	430,731	465,209	-	895,940
Accrued expenses	167,113	-	-	167,113
Retainage payable	-	21,408	-	21,408
Due to other funds	8,746,951	3,012,371	9,490	11,768,812
Other liabilities	<u>1,241,345</u>	<u>-</u>	<u>-</u>	<u>1,241,345</u>
Total liabilities	<u>10,586,140</u>	<u>3,498,988</u>	<u>9,490</u>	<u>14,094,618</u>
Deferred inflows of resources	<u>669,797</u>	<u>-</u>	<u>11,617</u>	<u>681,414</u>
Fund balances:				
Nonspendable	578,080	-	-	578,080
Restricted for:				
Debt service	1,623	-	-	1,623
Miscellaneous	11,264	-	-	11,264
Community development	120,047	-	257,693	377,740
Assigned	585,000	5,502,593	-	6,087,593
Unassigned	<u>11,886,008</u>	<u>-</u>	<u>-</u>	<u>11,886,008</u>
Total fund balances	<u>13,182,022</u>	<u>5,502,593</u>	<u>257,693</u>	<u>18,942,308</u>
Total liabilities, deferred inflows and fund balances	<u>\$24,437,959</u>	<u>9,001,581</u>	<u>278,800</u>	<u>33,718,340</u>

See accompanying notes to financial statements.

CITY OF BEACON, NEW YORK
Reconciliation of Balance Sheet - Governmental Funds
to the Statement of Net Position
December 31, 2021

Total governmental fund balances	\$ 18,942,308
Total net position reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	53,391,403
Long-term liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the funds.	
Compensated absences	(2,023,410)
Landfill remediation liability	(48,000)
Bonds payable	(24,892,763)
Judgments and claims	(60,000)
Total OPEB liability	(49,570,306)
Net pension liabilities, proportionate share	(2,557,537)
The internal service fund is reported separately at the fund level but blended in governmental activities in the statement of net position.	(546,876)
Certain uncollected revenue/receivables are deferred in the funds, but are fully accrued for governmental activity purposes.	669,797
Deferred outflows and inflows of resources related to pension systems and total OPEB liability are not reported in the funds.	
Deferred outflows of resources - pensions	11,712,506
Deferred inflows of resources - pensions	(10,378,342)
Deferred outflows of resources - OPEB	8,128,488
Deferred inflows of resources - OPEB	(9,678,334)
Premiums on long-term debt is revenue in the funds but liabilities in the statement of net position.	(177,914)
Accrued interest on long-term debt is not recorded in the funds.	<u>(95,241)</u>
Net position - governmental activities	<u>\$ (7,184,221)</u>

See accompanying notes to financial statements.

CITY OF BEACON, NEW YORK
Statement of Revenue, Expenditures and Changes in Fund Balances -
Governmental Funds
Year ended December 31, 2021

	General Fund	Capital Projects Fund	Nonmajor Governmental Fund	Total Governmental Funds
Revenue:				
Real property taxes	\$11,641,462	-	-	11,641,462
Real property tax items	1,018,200	-	-	1,018,200
Non property tax items	5,287,430	-	-	5,287,430
Departmental income	1,265,843	80,000	1,502	1,347,345
Intergovernmental charges	262,733	-	-	262,733
Use of money and property	41,413	1,273	240	42,926
Licenses and permits	494,075	-	-	494,075
Fines and forfeitures	48,232	-	-	48,232
Sale of property and compensation for loss	494,951	150,199	-	645,150
Miscellaneous local sources	81,457	50,023	-	131,480
Interfund revenues	508,250	-	-	508,250
State aid	2,598,630	787,620	-	3,386,250
Federal aid	225,047	210,382	-	435,429
Total revenue	<u>23,967,723</u>	<u>1,279,497</u>	<u>1,742</u>	<u>25,248,962</u>
Expenditures:				
General government support	2,490,769	37,178	-	2,527,947
Public safety	6,959,087	913,399	-	7,872,486
Transportation	1,645,151	1,692,123	-	3,337,274
Economic opportunity and development	22,460	-	-	22,460
Culture and recreation	729,017	39,065	-	768,082
Home and community services	1,283,108	1,585	104,980	1,389,673
Employee benefits	5,624,304	-	-	5,624,304
Debt service	2,567,886	-	-	2,567,886
Total expenditures	<u>21,321,782</u>	<u>2,683,350</u>	<u>104,980</u>	<u>24,110,112</u>
Excess (deficiency) revenue over expenditures	<u>2,645,941</u>	<u>(1,403,853)</u>	<u>(103,238)</u>	<u>1,138,850</u>
Other financing sources (uses):				
Proceeds from bond issuance	-	5,016,250	-	5,016,250
Premiums from bond issuance	-	144,652	-	144,652
Transfers in	-	567,000	-	567,000
Transfers out	(567,000)	-	-	(567,000)
Total other financing sources (uses)	<u>(567,000)</u>	<u>5,727,902</u>	<u>-</u>	<u>5,160,902</u>
Change in fund balances	2,078,941	4,324,049	(103,238)	6,299,752
Fund balances at beginning of year	<u>11,103,081</u>	<u>1,178,544</u>	<u>360,931</u>	<u>12,642,556</u>
Fund balances at end of year	<u>\$13,182,022</u>	<u>5,502,593</u>	<u>257,693</u>	<u>18,942,308</u>

See accompanying notes to financial statements.

CITY OF BEACON, NEW YORK
 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances -
 Governmental Funds to the Statement of Activities
 Year ended December 31, 2021

Change in fund balances	\$ 6,299,752
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(460,299)
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Bond principal paid and amortization of deferred premiums	1,841,531
Proceed from bond issuance	(5,160,902)
Some expenses reported in the statement of activities, such as accrued interest, compensated absences, internal service fund, landfill remediation liability and postemployment benefits do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(1,576,634)
Change in retirement expense as a result changes in the net pension liabilities.	1,645,974
Certain uncollected revenue/receivables are deferred in the funds, but are fully accrued for governmental activity purposes.	<u>(70,200)</u>
Change in net position of governmental activities	<u><u>\$ 2,519,222</u></u>

See accompanying notes to financial statements.

CITY OF BEACON, NEW YORK
Statement of Net Position - Proprietary Funds
December 31, 2021

	<u>Business-type Activities</u>			<u>Internal Service</u>
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>Length of Service</u>
	<u>Fund</u>	<u>Fund</u>		<u>Award Program</u>
Assets:				
Current assets:				
Cash and equivalents	\$ 4,605,671	7,050,172	11,655,843	24,708
Receivables:				
Charges for services	1,945,505	1,561,505	3,507,010	-
Other	-	505,952	505,952	-
Due from other funds	2,809,624	513,655	3,323,279	-
Due from other governments	21,370	-	21,370	-
Investments	-	-	-	796,768
Prepaid expenses	30,036	38,554	68,590	3,940
Total current assets	<u>9,412,206</u>	<u>9,669,838</u>	<u>19,082,044</u>	<u>825,416</u>
Capital assets:				
Land	993,722	68,233	1,061,955	-
Infrastructure, net of accumulated depreciation	8,596,185	17,272,406	25,868,591	-
Buildings, machinery and equipment, net of accumulated depreciation	1,065,164	1,820,297	2,885,461	-
Construction in progress	956,822	2,001,675	2,958,497	-
Total capital assets	<u>11,611,893</u>	<u>21,162,611</u>	<u>32,774,504</u>	<u>-</u>
Total assets	<u>21,024,099</u>	<u>30,832,449</u>	<u>51,856,548</u>	<u>825,416</u>
Deferred outflows of resources	<u>1,165,523</u>	<u>1,452,984</u>	<u>2,618,507</u>	<u>380,851</u>
Liabilities:				
Current liabilities:				
Accounts payable	81,273	228,199	309,472	-
Accrued expenses	27,038	55,180	82,218	-
Due to other funds	739,610	3,242,034	3,981,644	-
Current portion of compensated absences	10,608	6,811	17,419	-
Current portion of bonds payable	431,667	830,625	1,262,292	-
Total current liabilities	<u>1,290,196</u>	<u>4,362,849</u>	<u>5,653,045</u>	<u>-</u>
Noncurrent liabilities:				
Compensated absences	140,941	90,493	231,434	-
Bonds payable	8,676,004	21,533,663	30,209,667	-
Total OPEB liability	4,178,508	5,106,138	9,284,646	-
Total pension liability - LOSAP	-	-	-	1,630,093
Net pension liabilities, proportionate share	2,078	2,664	4,742	-
Total noncurrent liabilities	<u>12,997,531</u>	<u>26,732,958</u>	<u>39,730,489</u>	<u>1,630,093</u>
Total liabilities	<u>14,287,727</u>	<u>31,095,807</u>	<u>45,383,534</u>	<u>1,630,093</u>
Deferred inflows of resources	<u>1,430,099</u>	<u>1,784,334</u>	<u>3,214,433</u>	<u>123,050</u>
Net position (deficit):				
Net investment in capital assets	6,146,458	4,511,708	10,658,166	-
Unrestricted (deficit)	325,338	(5,106,416)	(4,781,078)	(546,876)
Total net position (deficit)	<u>\$ 6,471,796</u>	<u>(594,708)</u>	<u>5,877,088</u>	<u>(546,876)</u>

See accompanying notes to financial statements.

CITY OF BEACON, NEW YORK
Statement of Revenue, Expenses and Changes in Net Position -
Proprietary Funds
Year ended December 31, 2021

	<u>Business-type Activities</u>			<u>Internal Service</u>
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>Length of Service</u>
	<u>Fund</u>	<u>Fund</u>		<u>Award Program</u>
Operating revenue - Charges for services and other fees	\$ 3,736,485	5,014,145	8,750,630	56,310
Operating expenses:				
Personal services	793,808	790,294	1,584,102	-
Administrative expenses	608,188	356,152	964,340	6,311
Maintenance, operations and contractual expenses	710,860	1,315,551	2,026,411	-
Employee benefits	709,784	911,837	1,621,621	185,440
Depreciation	528,790	1,012,195	1,540,985	-
Total operating expenses	<u>3,351,430</u>	<u>4,386,029</u>	<u>7,737,459</u>	<u>191,751</u>
Operating income	<u>385,055</u>	<u>628,116</u>	<u>1,013,171</u>	<u>(135,441)</u>
Nonoperating revenue (expenses):				
Sale of property and compensation for loss	6,097	-	6,097	-
Investment income	3,342	19,278	22,620	52,681
Interest expense	(188,341)	(471,085)	(659,426)	-
Total nonoperating revenue (expenses)	<u>(178,902)</u>	<u>(451,807)</u>	<u>(630,709)</u>	<u>52,681</u>
Change in net position	<u>206,153</u>	<u>176,309</u>	<u>382,462</u>	<u>(82,760)</u>
Net position (deficit) at beginning of year	<u>6,265,643</u>	<u>(771,017)</u>	<u>5,494,626</u>	<u>(464,116)</u>
Net position (deficit) at end of year	<u>\$ 6,471,796</u>	<u>(594,708)</u>	<u>5,877,088</u>	<u>(546,876)</u>

See accompanying notes to financial statements.

CITY OF BEACON, NEW YORK
Statement of Cash Flows - Proprietary Funds
Year ended December 31, 2021

	<u>Business-type Activities</u>			<u>Internal Service</u>
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>Length of Service</u>
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>	<u>Award Program</u>
Cash flows from operating activities:				
Cash received from users	\$2,834,869	4,020,187	6,855,056	56,310
Cash paid for employees and employee benefits	(1,416,922)	(1,647,787)	(3,064,709)	(46,987)
Cash paid for operating expenses	<u>(1,468,047)</u>	<u>(1,673,660)</u>	<u>(3,141,707)</u>	<u>(6,311)</u>
Net cash provided by (used in) operating activities	<u>(50,100)</u>	<u>698,740</u>	<u>648,640</u>	<u>3,012</u>
Cash flows from investing activities - advances to other funds	<u>(730,315)</u>	<u>(29,095)</u>	<u>(759,410)</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(453,577)	(3,497,322)	(3,950,899)	-
Interest payments on debt	(184,626)	(461,699)	(646,325)	-
Repayments of debt	(3,733,732)	(8,709,192)	(12,442,924)	-
Proceeds from bond issuance	<u>5,090,468</u>	<u>12,699,001</u>	<u>17,789,469</u>	<u>-</u>
Net cash provided by capital and related financing activities	<u>718,533</u>	<u>30,788</u>	<u>749,321</u>	<u>-</u>
Cash flows from investing activities:				
Investment income	3,342	19,278	22,620	52,681
Purchase of investments	-	-	-	(158,383)
Insurance recovery	<u>6,097</u>	<u>-</u>	<u>6,097</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>9,439</u>	<u>19,278</u>	<u>28,717</u>	<u>(105,702)</u>
Net change in cash and equivalents	(52,443)	719,711	667,268	(102,690)
Cash and equivalents at beginning of year	<u>4,658,114</u>	<u>6,330,461</u>	<u>10,988,575</u>	<u>127,398</u>
Cash and equivalents at end of year	<u>\$4,605,671</u>	<u>7,050,172</u>	<u>11,655,843</u>	<u>24,708</u>
Reconciliation of operating income to net cash provided by (used in) operating activities				
Operating income	\$ 385,055	628,116	1,013,171	(135,441)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	528,790	1,012,195	1,540,985	-
Change in:				
Receivables	(907,661)	(993,958)	(1,901,619)	-
Due from other governments	6,045	-	6,045	-
Prepaid expenses	(9,787)	(12,606)	(22,393)	(140)
Accounts payable	(139,212)	(1,268)	(140,480)	-
Accrued expenses	-	(689)	(689)	-
Compensated absences	8,481	(23,964)	(15,483)	-
Net pension liabilities, proportionate share	(522,410)	(738,202)	(1,260,612)	-
Total OPEB liability	(182,155)	(144,644)	(326,799)	-
Total pension liability - LOSAP	-	-	-	335,120
Deferred outflow of resources	(42,909)	(30,939)	(73,848)	(167,647)
Deferred inflow of resources	<u>825,663</u>	<u>1,004,699</u>	<u>1,830,362</u>	<u>(28,880)</u>
Net cash provided by (used in) operating activities	<u>\$ (50,100)</u>	<u>698,740</u>	<u>648,640</u>	<u>3,012</u>

See accompanying notes to financial statements.

CITY OF BEACON, NEW YORK
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2021

	Custodial <u>Fund</u>
Assets - due from other funds	\$ <u>2,020,290</u>
Liabilities - due to other governments	<u>2,020,290</u>
Net position	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

CITY OF BEACON, NEW YORK
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year ended December 31, 2021

	<u>Custodial Fund</u>
Additions:	
Interest on school taxes	\$ 44,394
School taxes	926,275
County taxes	4,422,026
PILOTS	<u>197,801</u>
Total additions	<u>5,590,496</u>
Deductions:	
Interest on school taxes	44,394
School taxes	926,275
County taxes	4,422,026
PILOTS	<u>197,801</u>
Total deductions	<u>5,590,496</u>
Change in net position	-
Fiduciary net position at beginning of year	<u>-</u>
Fiduciary net position at end of year	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

CITY OF BEACON, NEW YORK

Notes to Financial Statements

December 31, 2021

(1) Summary of Significant Accounting Policies

The City of Beacon, New York (the City) was incorporated on May 15, 1913, under the provisions of the State of New York. The City operates under a Charter form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services. Other services include utilities.

The financial statements of the City of Beacon have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. The more significant accounting policies established in GAAP and used by the City are discussed below.

(a) Financial Reporting Entity

The City, for financial purposes, includes all of the funds relevant to the operations of the City of Beacon, New York. The financial statements include organizations, functions and activities that are controlled by or dependent upon the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board. The City has determined that the following entities are not component units for the purposes of the financial statements of the City of Beacon: City of Beacon Housing Authority, Beacon City School District and The Howland Public Library.

(b) Government-Wide Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and the fund financial statements (reporting the City's major funds and fiduciary funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's police and fire protection, parks and recreation, public works, and general administrative services are classified as governmental activities. The City's water and sewer services are classified as business-type activities.

In the government-wide statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Government-Wide Financial Statements, Continued

The government-wide statement of activities reports both the gross and net cost of each of the City's functions and business-type activities. The functions are also supported by general revenue (property and sales taxes, certain intergovernmental revenue, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenue, which include charges for services, operating and capital grants. Program revenue must be directly associated with the function (police, public works, community and youth services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or mortgage taxes, intergovernmental revenue, interest income, etc).

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

(c) Basic Financial Statements - Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenue and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenue, or expenditures/expenses of that individual governmental fund is at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenue, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The following fund types are used by the City:

(1) Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Basic Financial Statements - Fund Financial Statements, Continued

(1) Governmental Funds, Continued

The following is a description of the governmental funds of the City:

- General fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).
- Nonmajor governmental fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

(2) Proprietary Funds

Proprietary funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenue, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. Most revenue is considered operating revenue, except for investment income. The City's sewer and water funds are reported as proprietary funds. Internal service funds account for operations that provide services to other departments or agencies of the government, or to other governments on a cost reimbursement basis. The City has classified its Length of Service Award Program (LOSAP) as an internal service fund.

(3) Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

The City's fiduciary fund is presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. The following is a description of the City's fiduciary fund:

- Custodial fund is used to account for monies and other resources held by the City in a trustee or agent pending payment to the applicable agencies.

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Basis of Accounting

Basis of accounting refers to the point at which revenue or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

(1) Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred.

(2) Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

(e) Fund Balances

Fund balance is broken down into five different classifications: nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable consists of assets that are inherently non-spendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

Restricted consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The City is the decision-making authority that can, by city ordinance prior to the end of the fiscal year, commit fund balance.

Assigned consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment 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. The City, by city ordinance, has authorized the City administrator to assign fund balance.

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(e) Fund Balances, Continued

Unassigned represents the residual classification for the government's general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When resources are available from multiple classifications, the City spends funds in the following order: restricted, committed, assigned, unassigned.

See note 1(p) for an analysis of the City's classified fund balances.

(f) Fair Value Measurement

GAAP provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under generally accepted accounting principles are as follows:

- Level 1 - Valuations are based on quoted prices in active markets for identical asset or liabilities that the component units have the ability to access.
- Level 2 - Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable directly, or indirectly.
- Level 3 - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

The fair value of financial instruments classified as current assets or liabilities, including cash, investments, accounts receivable, and accounts payable and accrued expenses approximate carrying value, principally because of the short maturity of those items. Bonds payable are carried at cost, which approximates the fair value based on current rates at which the City could borrow funds with similar maturities.

(g) Cash and Equivalents

Cash includes amounts in demand and time deposits as well as short-term investments. State statutes govern the investment policies of the City. Special time deposits and certificates of deposit not covered by Federal Deposit Insurance must be collateralized by the banking institutions with investments governed under state statutes.

For purposes of the proprietary funds statement of cash flows, the City considers all cash and cash equivalents with an original maturity of three months or less to be cash equivalents.

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Cash and Equivalents, Continued

The cash in financial institutions of the City at December 31, 2021, is as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Fund</u>	<u>Business- Type Activities</u>	<u>Total</u>
Non-interest bearing accounts	\$ 566,114	276	-	200,269	766,659
Interest bearing bearing accounts	<u>15,220,655</u>	<u>11,001,888</u>	<u>267,183</u>	<u>2,042,313</u>	<u>29,744,728</u>
	<u>\$ 15,786,769</u>	<u>11,002,164</u>	<u>267,183</u>	<u>2,242,582</u>	<u>30,511,387</u>

The carrying amount of cash on the financial statements represent the cash balances less reconciling items, such as deposits in transit and outstanding checks.

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. While the City does not have a specific policy for custodial credit risk, New York State statues govern the City’s investment policies, as discussed previously in these notes. GASB Statement No. 40 - “Deposit and Investment Risk Disclosure,” directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, or collateralized by securities held by the City or its agent in the City’s name. The City’s cash balances not covered by depository insurance were fully collateralized with securities held by the City’s third party custodian and not subject to custodial credit risk.

(h) Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	50 years
Water and sewer system	30-40 years
Machinery and equipment	8-15 years
Improvements	20 years
Other infrastructure	15 years

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(i) Compensated Absences

Vacation, sick days and personal days are accumulated at varying rates pertaining to the type of City employee. The City accrues a liability for compensated absences which meet the following criteria:

- The City's obligations relating to employees rights to compensation for future absences are attributable to employee's services already rendered;
- The obligation relates to rights that vest or accumulate;
- Payment of the compensation is probable;
- The amount can be reasonably estimated.

In accordance with the above criteria, the City has accrued a liability for vacation and sick pay which has been earned and not taken by City employees. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations. It is anticipated that none of these liabilities will be liquidated with expendable available financial resources.

(j) Interfund Activity

Interfund activity is reported as, either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenue and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

(k) Budgets

The City employs formal budgetary accounting as a management tool, on a basis consistent with generally accepted accounting principles. During the year, a budget was adopted and modified by the City Council for the general fund. Budgetary controls are established or adopted for the capital projects fund on a project basis and continue until the project is completed. Unused appropriations of the annually budgeted funds lapse at the end of the year.

(l) Insurance

The City of Beacon assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Such risks are covered by the purchase of commercial insurance. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The City has recorded an estimated liability, \$60,000, in the statement of net position for uninsured deductible amounts; see long-term debt (note 5). Workers' compensation coverage is provided through a retrospective policy, wherein premiums are recorded based on the ultimate cost of the experience to date of workers in similar occupations.

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(m) Property Taxes

The City approves the budget for the current year on the first Monday in December. Property taxes are levied on January 1. Penalties and interest are assessed after February 28. Unpaid taxes are converted to tax sale certificates for a period of two years and then sold at auction.

(n) Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources is a separate financial statement element that represents a consumption of net position which applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The City reported the following deferred outflows of resources:

	<u>Balance Sheet - Governmental Funds</u>	<u>Statement of Net Position</u>	
		<u>Governmental Activities</u>	<u>Business-type Activities</u>
Pensions	\$ -	11,712,506	1,096,021
Other postemployment benefits	-	8,128,488	1,522,486
Length of Service Award Program (LOSAP)	<u>-</u>	<u>380,851</u>	<u>-</u>
	<u>\$ -</u>	<u>20,221,845</u>	<u>2,618,507</u>

Deferred inflows of resources is 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 City reported the following deferred inflows of resources:

	<u>Balance Sheet - Governmental Funds</u>	<u>Statement of Net Position</u>	
		<u>Governmental Activities</u>	<u>Business-type Activities</u>
Property taxes	\$ 669,797	-	-
Rehabilitation loans	11,617	11,617	-
Pensions	-	10,378,342	1,401,656
Other postemployment benefits	-	9,678,334	1,812,777
Length of Service Award Program (LOSAP)	<u>-</u>	<u>123,050</u>	<u>-</u>
	<u>\$ 681,414</u>	<u>20,191,343</u>	<u>3,214,433</u>

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(o) Long-Term Liabilities

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the long-term liabilities.

(p) Classifications of Fund Balance

In accordance with Statement No. GASB 54, the City has classified fund balances based on the constraints imposed on resources. The following provides the description and amounts of these classifications:

	<u>Balance at December 31, 2021</u>
General fund:	
Nonspendable	\$ <u>578,080</u>
Restricted:	
Debt service	1,623
Miscellaneous	11,264
Community development	<u>120,047</u>
Total restricted	<u>132,934</u>
Assigned	585,000
Unassigned	<u>11,886,008</u>
Total general fund	13,182,022
Capital projects fund - assigned	5,502,593
Nonmajor fund - restricted (community development)	<u>257,693</u>
Total fund balance	\$ <u>18,942,308</u>

(q) Allowance for Uncollectible Accounts

The City has not recorded an estimated allowance for un-collectible property taxes. Any amounts not received through regular collections will be recouped through foreclosure. No allowance has been recorded for un-collectible utility accounts in the proprietary funds. Any amounts not received through regular collections will be recouped through installment plans or foreclosure.

(r) Use of Estimates

The preparation of basic financial statements, in accordance with GAAP, requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(s) Subsequent Events

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

(2) Receivables

Other receivables at December 31, 2021, consists of the following:

	<u>General Fund</u>
Franchise and utility fees	\$ 71,782
Workers' compensation reimbursement	96,641
Other fees and reimbursements	<u>12,911</u>
Totals	\$ <u>183,334</u>

State and federal receivables as of December 31, 2021, consists of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
State aid receivable	\$ 48,058	484,700	532,758
Federal aid receivable	<u>204,976</u>	<u>4,739</u>	<u>209,715</u>
Totals	\$ <u>253,034</u>	<u>489,439</u>	<u>742,473</u>

(3) Interfund Receivables, Payables and Transfers

The following is a summary of amounts due from and due to other funds as of December 31, 2021:

	<u>Amount receivable</u>	<u>Amount payable</u>
General fund	\$ 3,541,289	8,746,951
Capital projects fund	6,865,598	3,012,371
Nonmajor funds	-	9,490
Proprietary funds:		
Water	2,809,624	739,610
Sewer	513,655	3,242,034
Custodial	<u>2,020,290</u>	<u>-</u>
Totals	\$ <u>15,750,456</u>	<u>15,750,456</u>

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(3) Interfund Receivables, Payables and Transfers, Continued

	<u>Transfers in</u>	<u>Transfers out</u>
General fund	\$ -	567,000
Capital projects fund	<u>567,000</u>	<u>-</u>
Totals	\$ <u>567,000</u>	<u>567,000</u>

(4) Capital Assets

The following is a summary of changes in the capital assets:

	Balance December 31, <u>2020</u>	<u>Additions</u>	Transfers/ <u>Disposals</u>	Balance December 31, <u>2021</u>
Governmental activities:				
Land	\$ 11,028,672	-	-	11,028,672
Buildings	15,293,989	-	-	15,293,989
Improvements	1,762,791	78,446	-	1,841,237
Machinery and equipment	11,444,769	1,065,814	(614,460)	11,896,123
Infrastructure	41,960,957	648,392	-	42,609,349
Construction in progress	<u>1,466,858</u>	<u>1,564,657</u>	<u>(726,838)</u>	<u>2,304,677</u>
Totals at historical cost	<u>82,958,036</u>	<u>3,357,309</u>	<u>(1,341,298)</u>	<u>84,974,047</u>
Less accumulated depreciation:				
Buildings	3,585,529	347,601	-	3,933,130
Improvements	916,924	62,325	-	979,249
Machinery and equipment	8,454,563	666,431	(612,427)	8,508,567
Infrastructure	<u>16,149,318</u>	<u>2,012,380</u>	<u>-</u>	<u>18,161,698</u>
Total accumulated depreciation	<u>29,106,334</u>	<u>3,088,737</u>	<u>(612,427)</u>	<u>31,582,644</u>
Governmental activities capital assets, net	\$ <u>53,851,702</u>	<u>268,572</u>	<u>(728,871)</u>	<u>53,391,403</u>
	Balance December 31, <u>2020</u>	<u>Additions</u>	Transfers/ <u>Disposals</u>	Balance December 31, <u>2021</u>
Business-type activities:				
Land	1,061,955	-	-	1,061,955
Buildings	10,850,042	-	-	10,850,042
Improvements	207,941	-	-	207,941
Machinery and equipment	1,060,119	-	-	1,060,119
Infrastructure	27,634,106	-	-	27,634,106
Construction in progress	<u>7,325,066</u>	<u>3,950,899</u>	<u>-</u>	<u>11,275,965</u>
Totals at historical cost	<u>48,139,229</u>	<u>3,950,899</u>	<u>-</u>	<u>52,090,128</u>

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(4) Capital Assets, Continued

	Balance December 31, <u>2020</u>	<u>Additions</u>	Transfers/ <u>Disposals</u>	Balance December 31, <u>2021</u>
Business-type activities, Continued:				
Less accumulated depreciation:				
Buildings	\$ 8,510,893	128,601	-	8,639,494
Improvements	16,214	10,111	-	26,325
Machinery and equipment	465,396	101,426	-	566,822
Infrastructure	<u>8,782,136</u>	<u>1,300,847</u>	-	<u>10,082,983</u>
Total accumulated depreciation	<u>17,774,639</u>	<u>1,540,985</u>	-	<u>19,315,624</u>
Business-type capital assets, net	\$ <u>30,364,590</u>	<u>2,409,914</u>	-	<u>32,774,504</u>

Depreciation was charged to governmental and business-type activities as follows:

General government support	\$ 188,878
Public safety	398,452
Transportation	2,221,271
Culture and recreation	185,740
Home and community services	<u>94,396</u>
Total governmental activities	3,088,737
Business-type activities	<u>1,540,985</u>
Total depreciation expense	\$ <u>4,629,722</u>

(5) Long-Term Debt

The City borrows money in order to acquire or construct buildings and public improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. Long-term debt also consists of landfill costs, judgments and claims, compensated absences and other postemployment benefits. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(5) Long-Term Debt, Continued

(1) Changes

The changes in the City's indebtedness during the year ended December 31, 2021, are summarized as follows:

Governmental activities:

	Balance December 31,			Balance Amounts December 31, due within	
	<u>2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>2021</u>	<u>one year</u>
Serial bonds	\$ 21,751,306	5,160,902	(1,841,531)	25,070,677	2,193,427
Landfill costs	56,000	-	(8,000)	48,000	8,000
Judgments and claims	60,000	-	-	60,000	-
Compensated absences	1,914,018	109,392	-	2,023,410	141,639
Total OPEB liability	52,065,310	-	(2,495,004)	49,570,306	-
Total pension liability - LOSAP	1,294,973	335,120	-	1,630,093	-
Net pension liabilities, proportionate share	<u>9,177,568</u>	<u>-</u>	<u>(6,620,031)</u>	<u>2,557,537</u>	<u>-</u>
Total	<u>\$ 86,319,175</u>	<u>5,605,414</u>	<u>(10,964,566)</u>	<u>80,960,023</u>	<u>2,343,066</u>

Business-type activities:

	Balance December 31,			Balance Amounts December 31, due within	
	<u>2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>2021</u>	<u>one year</u>
Serial bonds	\$ 14,668,762	17,789,469	(986,272)	31,471,959	1,262,292
Compensated absences	264,336	-	(15,483)	248,853	17,419
Total OPEB liability	9,611,445	-	(326,799)	9,284,646	-
Net pension liabilities, proportionate share	<u>1,265,354</u>	<u>-</u>	<u>(1,260,612)</u>	<u>4,742</u>	<u>-</u>
Total	<u>\$ 25,809,897</u>	<u>17,789,469</u>	<u>(2,589,166)</u>	<u>41,010,200</u>	<u>1,279,711</u>

Compensated absences are shown net, since it is impracticable to determine the changes separately.

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(5) Long-Term Debt, Continued

(2) Description

Serial bonds payable as of December 31, 2021, are as follows:

Governmental activities:

<u>Purpose</u>	<u>Original issue date</u>	<u>Maturity date</u>	<u>Interest rate</u>	<u>Original amount of issue</u>	<u>Amount outstanding at December 31, 2021</u>
Public improvement	11/12/08	11/15/23	3.25-5.00%	\$ 6,135,000	1,060,000
Public improvement	10/01/14	10/01/24	4.00-5.00%	5,942,700	2,137,239
Public improvement	05/15/16	05/15/39	2.00-3.00%	3,408,000	2,785,180
Public improvement	05/24/18	05/15/40	3.00-3.50%	15,435,000	13,894,094
Public improvement	06/29/21	06/15/35	2.00%	<u>5,016,250</u>	<u>5,016,250</u>
				35,936,950	24,892,763
Deferred premium on bonds				<u>191,632</u>	<u>177,914</u>
Total governmental activities				\$ <u>36,128,582</u>	<u>25,070,677</u>

Business-type activities:

<u>Purpose</u>	<u>Original issue date</u>	<u>Maturity date</u>	<u>Interest rate</u>	<u>Original amount of issue</u>	<u>Amount outstanding at December 31, 2021</u>
Public improvement - water	10/01/14	10/1/24	4.00-5.00%	\$ 1,255,500	467,897
Public improvement - sewer	10/01/14	10/1/24	4.00-5.00%	1,171,800	414,867
Public improvement - water	05/15/16	5/15/39	2.00-3.00%	4,343,000	3,549,306
Public improvement - sewer	05/15/16	5/15/39	2.00-3.00%	7,324,000	5,985,514
Public improvement - sewer	05/24/18	5/15/40	3.00-3.50%	3,617,000	3,255,906
Public improvement - sewer	06/29/21	06/15/51	2.25-2.50%	12,699,001	12,699,001
Public improvement - water	06/29/21	06/15/51	2.25-2.50%	<u>5,090,468</u>	<u>5,090,468</u>
				35,500,769	31,462,959
Deferred premium on bonds				<u>11,010</u>	<u>9,000</u>
Total business-type activities				\$ <u>35,511,779</u>	<u>31,471,959</u>

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(5) Long-Term Debt, Continued

(3) Annual Amortization

The annual requirements to amortize bonded debt as of December 31, 2021 are as follows:

Year ending December 31,	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,193,427	708,438	2,901,865	1,262,292	764,200	2,026,492
2023	2,272,486	633,318	2,905,804	1,297,514	730,725	2,028,239
2024	1,775,103	567,029	2,342,132	1,329,897	700,990	2,030,887
2025	1,070,155	521,695	1,591,850	1,044,845	670,230	1,715,075
2026	1,093,617	493,982	1,587,599	1,071,384	646,525	1,717,909
2027-2031	5,924,185	2,026,702	7,950,887	5,745,815	2,854,745	8,600,560
2032-2036	6,335,883	1,185,092	7,520,975	6,499,117	2,400,304	8,899,421
2037-2041	4,227,907	287,794	4,515,701	5,837,095	4,014,300	9,851,395
2042-2046	-	-	-	3,470,000	481,716	3,951,716
2047-2051	-	-	-	3,905,000	172,111	4,077,111
Totals	<u>\$ 24,892,763</u>	<u>6,424,050</u>	<u>31,316,813</u>	<u>31,462,959</u>	<u>13,435,846</u>	<u>44,898,805</u>

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

In the event that the City were to default on the bond principal or interest payments, a court has the power, in proper and appropriate proceedings brought by the bond owners, to render judgment against the City. A court has the power to order payment of a judgment on such bonds from funds lawfully available or to order the City to take all lawful action to obtain the funds including raising of the funds in the next annual tax levy.

(6) Operating Leases

The City is committed under various leases for office and communication equipment. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended December 31, 2021 amounted to \$15,029. These leases run for a maximum term of up to five years with renewal or purchase options available to the City.

At December 31, 2021, the approximate future annual operating lease commitments, subject to appropriation of funds, were as follows:

<u>Year ending December 31,</u>	<u>Operating leases</u>
2022	\$ 13,035
2023	8,733
2024	<u>1,855</u>
	\$ <u>23,623</u>

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(7) Pension Plans

(a) New York State and Local Retirement Systems

Plan Description

The City of Beacon participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS) and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244 or online at www.osc.state.us/retirement/publications.

Funding Policy

The Systems are generally noncontributory. Tiers I-IV are noncontributory after ten years of participation and tier V is required to contribute 3% of their salary, and tier VI is required to contribute a minimum of 3.5% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates of participating employers expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by those employers to the pension accumulation fund.

The City's contributions made to the System were equal to 100% of the contributions required for those years.

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

At December 31, 2021, the City reported a liability of \$13,032 and 2,549,247 for its proportionate share of the net ERS and PFRS pension liabilities, respectively. These amounts are recorded as a long-term liability due to the NYS Retirement System. The net pension liabilities were measured as of March 31, 2021, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of April 1, 2020. The City's proportion of the net pension liabilities was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating members, actuarially determined.

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(7) Pension Plans, Continued

(a) New York State and Local Retirement Systems, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

At March 31, 2021, the City's proportionate share of the ERS liability was 0.0130882%, and 0.1468227% of the PFRS liability. The City's proportionate share of the ERS liability decreased 0.0001777 and the City's proportionate share of the PFRS liability increased 0.0171664 from the March 31, 2020 measurement date.

For the year ended December 31, 2021, the City recognized pension expense of \$287,459 for ERS, and \$1,339,614 for PFRS in the statement of activities. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>ERS</u>		<u>PFRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 159,161	-	565,664	-
Changes of assumptions	2,396,246	45,194	6,263,224	-
Net difference between projected and actual investment earnings on pension plan investments	-	3,743,685	-	7,495,911
Changes in proportion and differences between the City's contributions and proportionate share of contributions	14,230	63,323	449,069	431,885
City's contributions subsequent to the measurement date	<u>1,701,730</u>	<u>-</u>	<u>1,259,203</u>	<u>-</u>
Total	<u>\$ 4,271,367</u>	<u>3,852,202</u>	<u>8,537,160</u>	<u>7,927,796</u>

Total to financial statements:

	<u>ERS</u>		<u>PFRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Governmental activities	\$ 3,175,346	2,450,546	8,537,160	7,927,796
Water fund	480,336	614,268	-	-
Sewer fund	<u>615,685</u>	<u>787,388</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,271,367</u>	<u>3,852,202</u>	<u>8,537,160</u>	<u>7,927,796</u>

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(7) Pension Plans, Continued

(a) New York State and Local Retirement Systems, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending December 31,</u>	<u>ERS</u>	<u>PFRS</u>
2022	\$ (237,004)	(321,191)
2023	(98,309)	(39,079)
2024	(216,801)	(246,179)
2025	(730,451)	(1,302,532)
2026	<u>-</u>	<u>1,259,142</u>
	\$ <u>(1,282,565)</u>	<u>(649,839)</u>

Actuarial Assumptions

The total pension liability for the March 31, 2021 measurement date was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021. The actuarial valuation for ERS and PFRS used the following actuarial assumptions:

Inflation	2.7%
Salary increases	4.4% in ERS, 6.2% in PFRS
Investment rate of return (net of investment expense, including inflation)	5.9%
Cost of living adjustments	1.4%

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. The previous actuarial valuation as of April 1, 2019 used April 1, 2010 - April 15, 2015 system experience, mortalities based in the Society of Actuaries' Scale MP-2018, inflation of 2.5%, cost of living adjustments of 1.3%, salary increases of 4.2%(ERS) and 5.0%(PFRS), and investment rate of return of 6.8%.

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

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(7) Pension Plans, Continued

(a) New York State and Local Retirement Systems, Continued

Actuarial Assumptions, Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized on the next page.

	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Asset type:		
Domestic equity	32%	4.05%
International equity	15%	6.30%
Private equity	10%	6.75%
Real estate	9%	4.95%
Opportunistic/ARS portfolio	3%	4.50%
Credit	4%	3.63%
Real assets	3%	5.95%
Fixed income	23%	0.00%
Cash	<u>1%</u>	0.50%
	<u>100%</u>	

* The real rate of return is net of the long-term inflation assumption of 2.00%.

Discount Rate

The discount rate used to calculate the total pension liabilities was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(7) Pension Plans, Continued

(a) New York State and Local Retirement Systems, Continued

Sensitivity to the Proportionate Share of the Net Pension Liabilities to the Discount Rate

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

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
City's proportionate share of the net ERS pension asset (liability)	\$ (3,617,302)	(13,032)	3,310,947
City's proportionate share of the net PFRS pension asset (liability)	<u>(10,840,843)</u>	<u>(2,549,247)</u>	<u>4,314,045</u>
Total at December 31, 2021	\$ <u>(14,458,145)</u>	<u>(2,562,279)</u>	<u>7,624,992</u>

Pension Plan Fiduciary Net Position

The components of the current-year net pension liabilities of the employers as of March 31, 2021 were as follows:

	<u>Dollars in Millions</u>	
	<u>Employees' Retirement System</u>	<u>Police and Fire Retirement System</u>
Employers' total pension liability	\$ (220,680)	(41,237)
Fiduciary net position	<u>220,580</u>	<u>39,501</u>
Employers' net pension liability	\$ <u> (100)</u>	<u>(1,736)</u>
Ratio of fiduciary net position to the employers' total pension liability	99.9%	95.8%

(b) Volunteer Firefighter Length of Service Award Program (LOSAP)

Program Description

The City established a defined benefit Service Award Program (referred to as a "LOSAP" - Length of Service Award Program - under Section 457(e)(11) of the Internal Revenue Code) effective January 1, 2001 for the active volunteer firefighter members of the City of Beacon Fire Department.

The program was established pursuant to Article 11-A of the New York State General Municipal Law. The program provides municipally-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The City Council of the City of Beacon is the trustee and plan administrator for LOSAP.

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(7) Pension Plans, Continued

(b) Volunteer Firefighter Length of Service Award Program (LOSAP), Continued
Participation, Vesting and Service Credit

In a defined benefit LOSAP, participating volunteers begin to be paid a service award upon attainment of the program's entitlement age. An eligible program participant is defined by the program sponsor to be an active volunteer firefighter who is at least 16 years of age and has earned one (1) year of Service Award Program service credit. The amount of service award paid to a volunteer is based upon the number of years of service credit the volunteer earned under the program for performing active volunteer firefighter activities.

Participants acquire a right to be paid a service award after earning credit for five (5) years of service, upon attaining the program's entitlement age while an active volunteer, or becoming total and permanently disabled while an active volunteer. The program's entitlement age is age 62. An active volunteer firefighter earns a year of Service Award Program service credit for each calendar year after the establishment of the program in which he or she accumulated fifty (50) points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive Service Award Program service credit for five (5) years of active volunteer firefighting service rendered prior to the establishment of the program as an active volunteer firefighter member of the City of Beacon Fire Department.

Benefits

A participant's service award benefit is paid as a ten year certain and continuous monthly payment life annuity. The amount payable each month equals \$20 multiplied by the total number of years of Service Award Program service credit earned by the participant under the point system. The maximum number of years of service credit a participant may earn under the program is 20 years.

Currently, there are no other forms of payment of a participant's account balance under the program. Except in the case of pre-entitlement age death or total and permanent disablement, a participant's service award will not be paid until he or she attains the entitlement age. Volunteers who continue to be active after attaining the entitlement age and beginning to be paid a service award continue to have the opportunity to earn program credit and to thereby increase their service award payments.

Fiduciary Investment and Control

After the end of each calendar year, the fire department prepares and certifies a list of names of all persons who were active volunteer members of the fire department during the year indicating which volunteers earned fifty points. The certified list is delivered to the City Council for the Council's review and approval. The fire department must maintain the point system records to verify each volunteer's points on forms provided and/or approved by the council. The City Council has retained Penflex, Inc. (Penflex) to assist in the administration of the program.

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(7) Pension Plans, Continued

(b) Volunteer Firefighter Length of Service Award Program (LOSAP), Continued
Fiduciary Investment and Control, Continued

Based on the certified calendar year volunteer firefighter listings, Penflex determines and certifies in writing to the City Council the amount of the service award to be paid to a participant or to a participant's designated beneficiary. The person(s) authorized by the City Council then authorizes, in writing, the custodian of the City of Beacon LOSAP Trust funds to pay the service award. No service award benefit payment is made without the written certification from Penflex and the written directive from an authorized representative of the City Council.

Penflex bills the City for the services it provides. Penflex's invoices are authorized for payment by the City Council in the same manner as any other invoice presented to the City for payment. The City pays Penflex invoices from its general fund.

Program assets are required to be held in trust by Article 11-A, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of operation and administration of the program. The City Council created a Service Award Program trust fund through the adoption of a Trust Document, a copy of which is available from the fire department secretary. The City Council is the program trustee.

Authority to invest the program assets is vested in the program trustee. Program assets are invested in accordance with a statutory prudent person rule. Although assets have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the City. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement No. 73.

At the December 31, 2021 reporting date (most recent available), the following participants were covered by benefit terms.

<u>Group</u>	
Active participants	11
Inactive participants currently receiving benefits	14
Inactive participants entitled to but not yet receiving benefits	<u>31</u>
Total	<u>56</u>

Measurement of Total Pension Liability

The total pension liability at the December 31, 2020 measurement date was determined using an actuarial valuation as of that date.

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(7) Pension Plans, Continued

(b) Volunteer Firefighter Length of Service Award Program (LOSAP), Continued

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Salary Scale:	None assumed

Mortality rates were based on the RP-2014 Male Mortality Table without projection for mortality improvement.

Discount Rate

The discount rate used to measure the total pension liability was 1.93%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2020. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody's Investors Service's, AA by Fitch, or AA by Standard & Poor's Rating Services.

Changes in the Total Pension Liability

Balance as of December 31, 2019 measurement date	\$ 1,294,973
Service cost	12,758
Interest on total pension liability	41,861
Changes of assumptions or other inputs	326,124
Differences between expected and actual experience	1,657
Benefit payments	<u>(47,280)</u>
Net change	<u>335,120</u>
Balance as of December 31, 2020 measurement date	\$ <u>1,630,093</u>

Sensitivity of the Total Pension Liability to Changes in the Discount Rate

The following presents the total pension liability of the City as of the December 31, 2020 measurement date, calculated using the discount rate of 1.93%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1% lower (0.93%) or 1% higher (2.93%) than the current rate:

	1% Decrease (0.93%)	Current Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ <u>1,975,204</u>	<u>1,630,093</u>	<u>1,371,662</u>

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(7) Pension Plans, Continued

(b) Volunteer Firefighter Length of Service Award Program (LOSAP), Continued

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

For the year ended December 31, 2021, the City recognized pension expense of \$191,751.

Components of Pension Expense

Service cost	\$ 12,758
Interest on total pension liability	41,861
Changes of assumptions or other inputs	127,812
Differences between expected and actual experience	3,009
Pension plan administrative expenses	<u>6,311</u>
Total pension expense	<u>\$ 191,751</u>

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 25,402	19,668
Changes of assumptions or other inputs	302,291	103,382
Benefit payments and administrative expenses subsequent to the measurement date	<u>53,158</u>	<u>-</u>
Total	<u>\$ 380,851</u>	<u>123,050</u>

Deferred outflows of resources related to pensions resulting from City transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the reporting year ending December 31, 2022.

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

Year ending December 31,

2022	\$ 130,821
2023	94,398
2024	(9,145)
2025	(578)
2026	(2,891)
Thereafter	<u>(7,962)</u>
	<u>\$ 204,643</u>

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(8) Other Postemployment Benefits

In addition to providing pension benefits, the City, provides certain health care benefits for retired employees through a single employer defined benefit plan. The plan provides for continuation of benefits for certain retirees and their spouses and can be amended by action of the City subject to applicable collective bargaining and can be amended by action of the City subject to applicable collective bargaining and employment agreements. The plan does not issue a stand alone financial report as there are no legally segregated assets for the sole purpose of paying benefits under the plan.

Employees covered by benefit terms

At December 31, 2021, the following employees were covered by the benefit terms:

Active plan participants	108
Inactive plan participants	<u>107</u>
Total	<u>215</u>

Total OPEB Liability

The City's total OPEB liability of \$58,854,952, allocated \$49,570,306 to governmental activities, \$4,178,508 to the water fund and \$5,106,138 to the sewer fund, was measured as of December 31, 2021 and was determined by an actuarial valuation as of January 1, 2021 with update procedures to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2021 measurement was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Rate of compensation increases	2.50%
Discount rate	1.84%

	Trend Rate <u>Next Period</u>	Ultimate <u>Trend Rate</u>	Year of Ultimate <u>Trend Rate</u>
Healthcare cost trend rates			
Pre-65 medical	7.000%	3.784%	2075
Post-65 medical	4.500%	3.784%	2075
Prescription drugs	7.000%	3.784%	2075
Medicare Part B premium	5.750%	3.784%	2075

The discount rate was based on the Fidelity General Obligation 20-year AA Municipal Bond Index.

Mortality rates were based on PUB-2010 Headcount-Weighted Mortality Tables and adjusted for mortality improvements with Scale MP-2021 on a generational basis.

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(8) Other Postemployment Benefits, Continued

Changes in the Total OPEB Liability

Total OPEB liability as of January 1, 2021	\$ 61,676,755
Changes for the year:	
Service cost	1,933,704
Interest on total OPEB liability	1,106,656
Change of benefit terms	1,108,299
Differences between expected and actual experience	(6,831,606)
Changes of assumptions or other inputs	1,677,744
Benefit payments	<u>(1,816,600)</u>
Total changes	<u>(2,821,803)</u>
Total OPEB liability as of December 31, 2021	\$ <u>58,854,952</u>

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (0.84%) or 1-percentage point higher (2.84%) than the current discount rate:

	1% Decrease <u>(0.84%)</u>	Discount Rate <u>(1.84%)</u>	1% Increase <u>(2.84%)</u>
Total OPEB liability	\$ <u>69,106,946</u>	<u>58,854,952</u>	<u>50,681,396</u>

Sensitivity of the total OPEB liability to changes in the healthcare costs trend rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ <u>49,772,339</u>	<u>58,854,952</u>	<u>70,672,433</u>

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(8) Other Postemployment Benefits, Continued

For the year ended December 31, 2021, the City recognized OPEB expense of \$3,606,569. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	9,411,239
Changes of assumptions or other inputs	<u>9,650,974</u>	<u>2,079,872</u>
	\$ <u>9,650,974</u>	<u>11,491,111</u>
Total to financial statements:		
Governmental activities	\$ 8,128,488	9,678,334
Water fund	685,187	815,831
Sewer fund	<u>837,299</u>	<u>996,946</u>
Total	\$ <u>9,650,974</u>	<u>11,491,111</u>

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

<u>Year ending</u>	
2022	\$ (542,063)
2023	(513,603)
2024	512,103
2025	282,808
2026	(621,338)
Thereafter	<u>(958,044)</u>
	\$ <u>1,840,137</u>

(9) Landfill Remediation Liability

Under terms of a consent order signed by the City with the New York Department of Environmental Conservation, the City was obligated to close its landfill with a modified completion date of May 31, 1996, and has since been closed.

State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the site for thirty years after closure. This period began in 1997. For the year 2021, the City expended \$8,000 in landfill maintenance and monitoring costs. The estimated unfunded balance of postclosure costs of \$48,000 is recorded as landfill remediation liability, over the remaining 6 years; see long-term debt (note 5). The actual costs may be higher due to inflation, changes in technology, or changes in regulations.

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(10) Tax Abatements

The City is authorized under Section 577 of the Private Housing Finance Law of the State of New York (PHFL) to exempt housing projects of a housing development fund company from local and municipal taxes, including school taxes, other than assessments for local improvements, to the extent of all or part of the value of the property included in the completed project.

For the year ended December 31, 2021, the City abated city property taxes totaling \$12,776 under this authority, which including the following:

- A 48% real property tax abatement for the construction, maintenance and operation of a housing project for senior citizens of low income.

Certain real property taxes on real property within the City have been abated by the Dutchess County Industrial Development Agency (the Agency), a public-benefit corporation created by state law in 1976 to promote economic development and job creation in Dutchess County.

(11) Commitments and Contingencies

(a) Litigation

The City is a defendant in various lawsuits and tax certiorari cases, some of which are covered by insurance. In the opinion of counsel, the resolution of most of these cases and lawsuits will not have a material adverse effect on the financial condition of the City. However, the outcome of some of these cases and lawsuits is presently not determinable.

The City has completed construction related to water system improvements in 1997; however, litigation, some of which was settled during 1999, continues pertaining to certain claims for extra costs. The City is unable to determine an estimate of a settlement, if any, which might be due.

(b) State and Federal Assisted Programs

The City of Beacon Community Development has received, or is owed, amounts from grantor agencies, principally the Department of Housing and Urban Development. Any allowed claims including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by the grantor, cannot be determined at this time.

(c) Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences on a national, regional and local level are unknown, but have the potential to result in a significant economic impact. The impact of this situation on the City and its future results and financial position is not presently determinable.

CITY OF BEACON, NEW YORK
Notes to Financial Statements, Continued

(12) New Reporting Standards

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 87 - Leases. Effective for fiscal years beginning after June 15, 2021.

Statement No. 91 - Conduit Debt Obligations. Effective for fiscal years beginning after December 15, 2021.

Statement No. 92 - Omnibus 2020. Effective for fiscal years beginning after June 15, 2021.

Statement No. 93 - Replacement of Interbank Offered Rates. Effective for fiscal years beginning after June 15, 2021.

Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 96 - Subscription-Based Information Technology Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Effective for fiscal years beginning after June 15, 2021.

Statement No. 99 - Omnibus 2022. Effective for various periods through fiscal years beginning after June 15, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BEACON, NEW YORK
Required Supplementary Information
Schedule of Revenue, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
Year ended December 31, 2021

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenue:				
Real property taxes	\$11,751,122	11,751,122	11,641,462	(109,660)
Real property tax items	403,655	403,655	1,018,200	614,545
Non property tax items	4,540,686	4,540,686	5,287,430	746,744
Departmental income	1,297,105	1,315,493	1,265,843	(49,650)
Intergovernmental charges	268,277	268,277	262,733	(5,544)
Use of money and property	90,032	90,032	41,413	(48,619)
Licenses and permits	242,150	284,714	494,075	209,361
Fines and forfeitures	86,500	86,500	48,232	(38,268)
Sale of property and compensation for loss	61,000	61,000	494,951	433,951
Miscellaneous local sources	17,238	21,540	81,457	59,917
Interfund revenues	508,250	508,250	508,250	-
State aid	588,398	624,394	2,598,630	1,974,236
Federal aid	<u>227,875</u>	<u>227,875</u>	<u>225,047</u>	<u>(2,828)</u>
Total revenue	20,082,288	20,183,538	23,967,723	3,784,185
Appropriation of prior year's fund balance	<u>2,277,830</u>	<u>2,317,310</u>	-	<u>(2,317,310)</u>
Total revenue and appropriation of prior year's fund balance	<u>22,360,118</u>	<u>22,500,848</u>	<u>23,967,723</u>	<u>1,466,875</u>
Expenditures:				
General government support	3,431,808	3,136,349	2,490,769	645,580
Public safety	7,139,942	7,504,390	6,959,087	545,303
Transportation	1,890,378	1,893,922	1,645,151	248,771
Economic assistance and opportunity	25,000	25,000	22,460	2,540
Culture and recreation	836,877	903,806	729,017	174,789
Home and community services	1,415,379	1,416,647	1,283,108	133,539
Employee benefits	5,099,111	5,099,111	5,624,304	(525,193)
Debt service	<u>2,521,623</u>	<u>2,521,623</u>	<u>2,567,886</u>	<u>(46,263)</u>
Total expenditures	<u>22,360,118</u>	<u>22,500,848</u>	<u>21,321,782</u>	<u>1,179,066</u>
Excess of revenue and appropriation of prior year's fund balance over expenditures	-	-	2,645,941	2,645,941
Other financing uses - operating transfers out	-	-	<u>(567,000)</u>	<u>(567,000)</u>
Deficiency of revenue and appropriation of prior year's fund balance over expenditures and other financing uses	<u>\$ -</u>	<u>-</u>	<u>2,078,941</u>	<u>2,078,941</u>

CITY OF BEACON, NEW YORK
Required Supplementary Information
Schedule of City's Proportionate Share of the Net Pension Liabilities
December 31, 2021

<u>ERS</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The City's proportion of the net pension liability	0.0130882%	0.0132659%	0.0132468%	0.0131198%	0.0121427%	0.0126580%	0.0120469%
The City's proportionate share of the net pension liability	\$ 13,032	3,512,876	938,573	423,433	1,140,954	2,031,646	406,970
The City's covered payroll	\$3,950,280	3,800,183	3,833,625	3,563,541	3,647,850	3,421,431	3,253,830
The City's proportionate share of the net pension liability as a percentage of covered payroll	0.33%	92.44%	24.48%	11.88%	31.28%	59.38%	12.51%
Plan fiduciary net position as a percentage of the total pension liability	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%
 <u>PFRS</u>							
The City's proportion of the net pension liability	0.1468227%	0.1296563%	0.1132447%	0.1210594%	0.1197326%	0.1223309%	0.1314506%
The City's proportionate share of the net pension liability	\$2,549,247	6,930,046	1,899,185	1,223,616	2,481,640	3,621,959	361,830
The City's covered payroll	\$5,206,076	4,919,306	4,824,181	4,343,747	4,479,457	4,357,633	4,088,698
The City's proportionate share of the net pension liability as a percentage of covered payroll	48.97%	140.87%	39.37%	28.17%	55.40%	83.12%	8.85%
Plan fiduciary net position as a percentage of the total pension liability	95.8%	84.9%	95.1%	96.9%	93.5%	90.2%	97.9%

* The amounts presented for each fiscal year were determined as of the System's measurement date.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

CITY OF BEACON, NEW YORK
Required Supplementary Information
Schedule of City's Pension Contributions
December 31, 2021

<u>ERS</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 590,036	507,793	503,428	479,934	481,656	491,510	544,748
Contribution in relation to the contractually required contribution	<u>590,036</u>	<u>507,793</u>	<u>503,428</u>	<u>479,934</u>	<u>481,656</u>	<u>491,510</u>	<u>544,748</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$ 3,950,280	3,800,183	3,833,625	3,563,541	3,647,850	3,421,431	3,253,830
Contribution as a percentage of covered payroll	14.94%	13.36%	13.13%	13.47%	13.20%	14.37%	16.74%
 <u>PFRS</u>							
Contractually required contribution	\$ 1,678,937	1,082,507	1,033,259	921,852	956,179	971,273	804,014
Contribution in relation to the contractually required contribution	<u>1,678,937</u>	<u>1,082,507</u>	<u>1,033,259</u>	<u>921,852</u>	<u>956,179</u>	<u>971,273</u>	<u>804,014</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$ 5,206,076	4,919,306	4,824,181	4,343,747	4,479,457	4,357,633	4,088,698
Contribution as a percentage of covered payroll	32.25%	22.01%	21.42%	21.22%	21.35%	22.29%	19.66%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

CITY OF BEACON, NEW YORK
 Required Supplementary Information
 Schedule of Changes in the City's Total Pension Liability
 Length of Service Award Program
 December 31, 2021

Measurement Date as of December 31,	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability:				
Service cost	\$ 12,758	18,387	22,004	23,018
Interest on total pension liability	41,861	42,847	40,104	43,482
Changes of assumptions or other inputs	326,124	76,228	(94,957)	108,864
Differences between expected and actual experience	1,657	21,235	(7,405)	(30,251)
Benefit payments	<u>(47,280)</u>	<u>(44,880)</u>	<u>(51,380)</u>	<u>(42,660)</u>
Net change in total pension liability	335,120	113,817	(91,634)	102,453
Total pension liability - beginning	<u>1,294,973</u>	<u>1,181,156</u>	<u>1,272,790</u>	<u>1,170,337</u>
Total pension liability - ending	<u>\$ 1,630,093</u>	<u>1,294,973</u>	<u>1,181,156</u>	<u>1,272,790</u>
Covered payroll*	N/A	N/A	N/A	N/A
Total pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

* This program was established to cover volunteer firefighters and therefore they are not employees of the City.

Notes to Required Supplementary Information

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Changes of assumptions or other inputs - The discount rate used to measure the total pension liability was based on the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index and was as follows:

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
1.93%	3.26%	3.64%	3.16%

There are no assets accumulated in trust that meets the criteria of GASB Statement No. 73, paragraph 4.

CITY OF BEACON, NEW YORK
Required Supplementary Information
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
December 31, 2021

Measurement Date as of December 31,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:				
Service cost	\$ 1,933,704	1,371,545	1,150,472	1,499,123
Interest on total OPEB liability	1,106,656	1,517,184	1,826,072	1,898,302
Change of benefit terms	1,108,299	-	-	-
Differences between expected and actual experience	(6,831,606)	-	(6,976,153)	-
Changes of assumptions or other inputs	1,677,744	5,925,139	8,404,997	(6,296,536)
Benefit payments	<u>(1,816,600)</u>	<u>(1,871,800)</u>	<u>(1,774,529)</u>	<u>(1,696,886)</u>
Net change in total OPEB liability	<u>(2,821,803)</u>	<u>6,942,068</u>	<u>2,630,859</u>	<u>(4,595,997)</u>
Total OPEB liability - beginning	<u>61,676,755</u>	<u>54,734,687</u>	<u>52,103,828</u>	<u>56,699,825</u>
Total OPEB liability - ending	<u>\$ 58,854,952</u>	<u>61,676,755</u>	<u>54,734,687</u>	<u>52,103,828</u>
Covered payroll	<u>\$ 10,359,621</u>	<u>9,945,442</u>	<u>9,443,539</u>	<u>9,149,118</u>
Total OPEB liability as a percentage of covered payroll	568.1%	620.2%	579.6%	569.5%

Notes to Required Supplementary Information

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

Changes of assumptions or other inputs - The discount rate used to measure the total pension liability was based on the yield to maturity of the Fidelity General Obligation 20 Year AA Municipal Bond Index and was as follows:

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
1.84%	2.00%	2.75%	3.71%

There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and
Members of the City Council
City of Beacon, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beacon, New York (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 23, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
May 23, 2023