

CITY OF BEACON, NEW YORK

Basic Financial Statements  
Supplementary Information and  
Independent Auditors' Report

December 31, 2023

CITY OF BEACON, NEW YORK

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet - Governmental Funds	7
Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position	8
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	9
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	10
Statement of Revenue, Expenses and Changes in Net Position - Proprietary Funds	11
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	12
Notes to Financial Statements	13 - 39

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 to Actual - General Fund	40
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget to Actual - Water Fund	41
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget to Actual - Sewer Fund	42
Schedule of City's Proportionate Share of the Net Pension Asset/Liability	43
Schedule of City's Pension Contributions	44
Schedule of Changes in the City's Total Pension Liability - Length of Service Award Program	45
Schedule of Changes in the City's Total OPEB Liability and Related Ratios	46
Federal Grant Compliance Audit:	
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 Auditing Standards</u>	47 - 48
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	49 - 51
Schedule of Expenditures of Federal Awards	52
Notes to Schedule of Expenditures of Federal Awards	53
Schedule of Findings and Questioned Costs	54 - 55
Status of Prior Year Audit Findings	56
Corrective Action Plan	57

## 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, 2023, 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, 2023, 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.

#### 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 opinions.

#### Emphasis of Matter

As discussed in notes 10 and 11 to the financial statements, a change in financial statement presentation was made during the year ended December 31, 2023. Our opinions are not modified with respect to this matter.

## Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. Our opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America requires that the additional information on pages 40 through 46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by GASB 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.

### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 22, 2025, 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  
December 22, 2025

CITY OF BEACON, NEW YORK  
Statement of Net Position  
December 31, 2023

	<u>Governmental Activities</u>
<b>Assets:</b>	
<b>Current assets:</b>	
Cash and equivalents	\$ 23,347,703
Service award program assets	728,880
Taxes receivable	2,859,741
Accounts receivables	3,503,566
Mortgage loans receivable	7,943
Due from other governments	997,165
State and federal aid	1,053,988
Prepaid expenses	<u>707,356</u>
<b>Total current assets</b>	<b>33,206,342</b>
<b>Capital assets:</b>	
Nondepreciable	30,996,198
Depreciable	<u>63,868,987</u>
<b>Total capital assets</b>	<b>94,865,185</b>
<b>Total assets</b>	<b>128,071,527</b>
<b>Deferred outflows of resources:</b>	
ERS	2,315,378
PFRS	5,468,859
LOSAP	115,960
OPEB	<u>7,205,075</u>
<b>Total deferred outflows of resources</b>	<b>15,105,272</b>
<b>Liabilities:</b>	
<b>Current liabilities:</b>	
Accounts payable	2,419,843
Accrued expenses	184,753
Accrued interest	192,096
Retainage payable	423,478
Due to other governments	2,111,921
Other liabilities	951,145
Bonds payable, current portion	3,105,000
Bonds premiums, current portion	<u>12,967</u>
<b>Total current liabilities</b>	<b>9,401,203</b>
<b>Noncurrent liabilities:</b>	
Bonds payable, net of current portion	46,225,000
Bonds premiums, net of current portion	148,013
Judgments and claims	60,000
Compensated absences	2,521,890
Landfill remediation liability	32,000
Total OPEB liability	50,114,473
Total pension liability	1,126,149
Net pension liability - proportionate share - ERS	3,111,279
Net pension liability - proportionate share - PFRS	<u>7,154,336</u>
<b>Total noncurrent liabilities</b>	<b>110,493,140</b>
<b>Total liabilities</b>	<b>119,894,343</b>
<b>Deferred inflows of resources</b>	
ERS	181,446
PFRS	662,933
LOSAP	423,540
OPEB	<u>17,005,281</u>
<b>Total deferred inflows of resources</b>	<b>18,273,200</b>
<b>Net position:</b>	
Net investment in capital assets	43,418,401
Restricted	10,983,487
Unrestricted (deficit)	<u>(49,392,632)</u>
<b>Total net position</b>	<b>\$ 5,009,256</b>

See accompanying notes to financial statements.



CITY OF BEACON, NEW YORK  
Balance Sheet - Governmental Funds  
December 31, 2023

	General Fund	Special Grant Fund	Water Fund	Sewer Fund	Capital Projects Fund	Total Governmental Funds
<u>Assets</u>						
Cash and equivalents	\$ 11,434,970	157,178	2,565,616	4,523,443	4,666,496	23,347,703
Service award program assets	728,880	-	-	-	-	728,880
Receivables:						
Taxes	2,859,741	-	-	-	-	2,859,741
Accounts receivable	163,005	-	1,690,228	1,650,333	-	3,503,566
Mortgage loans receivable	-	7,943	-	-	-	7,943
Due from other funds	6,158,397	167	1,288,562	-	1,586,263	9,033,389
Due from other governments	966,152	-	31,013	-	-	997,165
State and federal aid	120,067	-	-	-	933,921	1,053,988
Prepaid expenditures	637,338	-	31,305	38,713	-	707,356
Total assets	<u>\$ 23,068,550</u>	<u>165,288</u>	<u>5,606,724</u>	<u>6,212,489</u>	<u>7,186,680</u>	<u>42,239,731</u>
<u>Liabilities, Deferred Inflows and Fund Balances</u>						
Liabilities:						
Accounts payable	476,556	-	318,574	92,387	1,532,326	2,419,843
Accrued expenses	169,477	-	7,899	7,377	-	184,753
Retainage payable	-	-	-	-	423,478	423,478
Due to other funds	2,160,752	9,490	782,171	3,251,503	2,829,473	9,033,389
Due to other governments	2,111,921	-	-	-	-	2,111,921
Other liabilities	951,145	-	-	-	-	951,145
Total liabilities	<u>5,869,851</u>	<u>9,490</u>	<u>1,108,644</u>	<u>3,351,267</u>	<u>4,785,277</u>	<u>15,124,529</u>
Deferred inflows of resources:						
Unavailable tax revenue	660,289	-	-	-	-	660,289
Unavailable revenue	-	7,943	-	-	-	7,943
Total deferred inflow of resources	<u>660,289</u>	<u>7,943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>668,232</u>
Fund balances:						
Nonspendable	637,338	-	31,305	38,713	-	707,356
Restricted for:						
Debt service	1,623	-	280,804	75,640	-	358,067
Miscellaneous	11,264	-	-	-	-	11,264
Community development	189,909	147,855	-	-	-	337,764
Length of service award program	728,880	-	-	-	-	728,880
Assigned	253,100	-	4,185,971	2,746,869	2,401,403	9,587,343
Unassigned	14,716,296	-	-	-	-	14,716,296
Total fund balances	<u>16,538,410</u>	<u>147,855</u>	<u>4,498,080</u>	<u>2,861,222</u>	<u>2,401,403</u>	<u>26,446,970</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 23,068,550</u>	<u>165,288</u>	<u>5,606,724</u>	<u>6,212,489</u>	<u>7,186,680</u>	<u>42,239,731</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, 2023

Total governmental fund balances	\$ 26,446,970
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.	94,865,185
Long-term liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the funds.	
Compensated absences	(2,521,890)
Landfill remediation liability	(32,000)
Bonds payable	(49,330,000)
Bond premiums	(160,980)
Judgments and claims	(60,000)
Total OPEB liability	(50,114,473)
Total pension liability	(1,126,149)
Net pension liability, proportionate share - ERS	(3,111,279)
Net pension liability, proportionate share - PFRS	(7,154,336)
Certain uncollected revenue/receivables are deferred in the funds, but are fully accrued for governmental activity purposes.	668,232
Deferred outflows and inflows of resources related to pension systems, LOSAP and total OPEB liability are not reported in the funds.	
Deferred outflows of resources - ERS	2,315,378
Deferred outflows of resources - PFRS	5,468,859
Deferred outflows of resources - LOSAP	115,960
Deferred outflows of resources - OPEB	7,205,075
Deferred inflows of resources - ERS	(181,446)
Deferred inflows of resources - PFRS	(662,933)
Deferred inflows of resources - LOSAP	(423,540)
Deferred inflows of resources - OPEB	(17,005,281)
Accrued interest on long-term debt is not recorded in the funds.	<u>(192,096)</u>
Net position - governmental activities	<u>\$ 5,009,256</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, 2023

	General Fund	Special Grant Fund	Water Fund	Sewer Fund	Capital Projects Fund	Total Governmental Funds
Revenue:						
Real property taxes	\$ 11,875,604	-	-	-	-	11,875,604
Real property tax items	1,018,992	-	-	-	-	1,018,992
Nonproperty tax items	6,400,889	-	-	-	-	6,400,889
Departmental income	1,386,325	1,837	3,762,013	5,149,457	30,000	10,329,632
Intergovernmental charges	339,267	-	-	-	-	339,267
Use of money and property	949,993	5,923	116,484	144,335	149,296	1,366,031
Licenses and permits	470,249	-	-	-	-	470,249
Fines and forfeitures	53,860	-	-	-	-	53,860
Sale of property and compensation for loss	122,581	-	901	-	-	123,482
Miscellaneous local sources	71,400	-	-	-	6,632	78,032
Interfund revenues	673,750	-	-	-	-	673,750
State aid	2,202,538	-	-	-	813,653	3,016,191
Federal aid	1,173,300	-	-	-	368,896	1,542,196
Total revenue	<u>26,738,748</u>	<u>7,760</u>	<u>3,879,398</u>	<u>5,293,792</u>	<u>1,368,477</u>	<u>37,288,175</u>
Expenditures:						
General government support	2,463,125	-	-	-	105,887	2,569,012
Public safety	7,860,050	-	-	-	5,701,454	13,561,504
Transportation	1,704,832	-	-	-	1,438,708	3,143,540
Culture and recreation	987,705	-	-	-	39,651	1,027,356
Home and community services	1,448,842	48,000	2,292,542	2,520,095	2,881,192	9,190,671
Employee benefits	6,286,314	-	675,342	794,737	-	7,756,393
Debt service:						
Principal	2,272,489	-	444,532	852,982	-	3,570,003
Interest	633,318	-	203,870	526,855	-	1,364,043
Total expenditures	<u>23,656,675</u>	<u>48,000</u>	<u>3,616,286</u>	<u>4,694,669</u>	<u>10,166,892</u>	<u>42,182,522</u>
Excess (deficiency) of revenue over expenditures	<u>3,082,073</u>	<u>(40,240)</u>	<u>263,112</u>	<u>599,123</u>	<u>(8,798,415)</u>	<u>(4,894,347)</u>
Other financing sources (uses):						
Transfers in	-	-	6,514,205	100,820	2,961,499	9,576,524
Transfers out	(2,171,499)	-	(400,000)	(390,000)	-	(2,961,499)
Total other financing sources (uses)	<u>(2,171,499)</u>	<u>-</u>	<u>6,114,205</u>	<u>(289,180)</u>	<u>2,961,499</u>	<u>6,615,025</u>
Change in fund balances	<u>910,574</u>	<u>(40,240)</u>	<u>6,377,317</u>	<u>309,943</u>	<u>(5,836,916)</u>	<u>1,720,678</u>
Fund balances at beginning of year, as previously stated	14,938,787	188,095	-	-	4,004,944	19,131,826
Prior period adjustments (note 11)	689,049	-	(1,879,237)	2,551,279	4,233,375	5,594,466
Fund balances at beginning of year, as restated	<u>15,627,836</u>	<u>188,095</u>	<u>(1,879,237)</u>	<u>2,551,279</u>	<u>8,238,319</u>	<u>24,726,292</u>
Fund balances at end of year	<u>\$ 16,538,410</u>	<u>147,855</u>	<u>4,498,080</u>	<u>2,861,222</u>	<u>2,401,403</u>	<u>26,446,970</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, 2023

Change in fund balances	\$ 1,720,678
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 and disposals in the current period.	6,162,831
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	3,570,003
Bond principal paid and amortization of deferred premiums	12,967
Some expenses reported in the statement of activities, such as accrued interest, compensated absences, landfill remediation liability, total pension liability and postemployment benefits do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	768,409
Change in retirement expense as a result changes in the net pension liabilities.	(1,362,354)
Certain uncollected revenue/receivables are deferred in the funds, but are fully accrued for governmental activity purposes.	<u>88,388</u>
Change in net position of governmental activities	<u>\$ 10,960,922</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, 2023

	<u>Business-type Activities</u>			Internal Service <u>Fund</u> Length of Service Award <u>Program</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>	
Nonoperating expense - transfers out	\$ (6,514,205)	(100,820)	(6,615,025)	-
Net position (deficit) at beginning of year, before restatement	6,514,205	100,820	6,615,025	(792,793)
Prior period adjustments (note 11)	-	-	-	792,793
Net position at beginning of year, as restated	<u>6,514,205</u>	<u>100,820</u>	<u>6,615,025</u>	-
Net position at end of year	<u>\$ -</u>	<u>-</u>	<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, 2023

	<u>Custodial Fund</u>
Additions:	
School taxes	\$ 1,595,076
County taxes	4,450,501
Library taxes	<u>9,694</u>
Total additions	<u>6,055,271</u>
Deductions:	
School taxes	1,595,076
County taxes	4,450,501
Library taxes	<u>9,694</u>
Total deductions	<u>6,055,271</u>
Change in fiduciary 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, 2023

(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 State). 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 have been prepared in accordance with accounting principles generally accepted in the United States of America (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. 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: 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). The City's police and fire protection, parks and recreation, public works, and general administrative services are classified as governmental activities.

In the government-wide statement of net position 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. 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.

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.

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.
- Special grant fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- Water fund is used to provide water services to the City.
- Sewer fund is used to provide sewer services to the City.

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

(1) Summary of Significant Accounting Policies, Continued

(2) 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 collect and remit real property taxes to other governments.

(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 activities in the government-wide financial statements and the 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.

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

(1) Summary of Significant Accounting Policies, Continued

(e) Fund Balances, Continued

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.

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.

(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.

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

(1) Summary of Significant Accounting Policies, Continued

(g) Cash and Equivalents

Cash and equivalents 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 Corporation (FDIC) 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 equivalents with an original maturity of three months or less to be cash and equivalents.

Deposits at year-end were entirely covered by FDIC insurance and by collateral held by the City's custodial banks in the City's name. All deposits are carried at cost. The table below describes cash and related collateralization:

<u>Fund type</u>	<u>Book balance</u>	<u>Bank balance</u>
Governmental activities	\$ <u>23,347,703</u>	<u>25,196,179</u>
FDIC insurance		500,000
Insured - collateral held in the City's name		8,618,018
Insured - collateral held by third party		<u>16,078,161</u>
Total over collateralized		\$ <u>25,196,179</u>

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 statutes 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) Receivables

Receivables are stated net of estimated allowances for uncollectible amounts. Amounts due from State and Federal governments represent amounts owed to the City for reimbursement of expenditures incurred pursuant to State and Federally funded programs.

(i) Inventory and Prepaid Items

Purchases of inventorial items are recorded as expenditures at the time of purchase and are considered immaterial in amount. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and government fund financial statements which are expensed as the items are used.

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

(1) Summary of Significant Accounting Policies, Continued

(j) 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

(k) 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.

(l) 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.

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

(1) Summary of Significant Accounting Policies, Continued

(m) 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, the water fund and the sewer 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.

(n) Insurance

The City 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. 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.

(o) Property Taxes

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

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

Deferred outflows of resources represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category. The first item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the City's proportion of the collective net pension liability and difference during the measurement period between the City's contributions and its proportion share of total contributions to the pension system not included in pension expense as well as the City's contributions to the pension systems subsequent to the measurement date. The second item is related to OPEB reported in the Statement of Net Position. This represents differences between changes of assumptions in the calculation of the liability. The third is related to the LOSAP reported in the Statement of Net Position. This represents differences between expected and actual experience, changes of assumptions in the calculation of liability as well as the City's contributions subsequent to the measurement date.

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

(1) Summary of Significant Accounting Policies, Continued

(p) Deferred Outflows of Resources and Deferred Inflows of Resources, Continued

Deferred inflows of resources represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The first is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the City's proportion of the collective net pension liability and difference during the measurement periods between the City's contributions and its proportional share of total contributions to the pension systems not included in the pension expense. The second item represents differences between expected and actual experience as well as changes of assumptions related to the OPEB. The third item represents differences between expected and actual experiences as well as changes of assumptions related to LOSAP.

(q) Unearned Revenue

Unearned revenue arise when assets are recognized before revenue recognition criteria have been satisfied. Unearned revenue consist of amounts received in advance and/or grants received before the eligibility requirements have been met.

(r) Long-Term Liabilities

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

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

(s) Net Pension Liability

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

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

(1) Summary of Significant Accounting Policies, Continued

(t) Total Pension Liability - Length of Service Awards Program

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

(u) Postemployment Benefits

In addition to providing pension benefits, the City provides health insurance coverage for retired employees and their dependents. Substantially all of the City's employees may become eligible for these benefits if they reach normal retirement age and retire under the New York State and Local Employees' Retirement System while working for the City. The cost of providing postretirement benefits is shared between the City and the retired employee. The City recognizes the cost of providing health insurance by recording its share of insurance premiums for retirees and their dependents, as an expenditure in the year paid.

(v) Short-Term Debt

The City may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenue. These notes are recorded as liabilities of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent liabilities that will be extinguished by the use of expendable, available resources of the fund.

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

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

(w) Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts and disclosures. Accordingly, actual results could differ from these estimates.

(x) Accounting Standards Issued But Not Yet Implemented

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. 99 - Omnibus 2022. Effective for various periods through fiscal years beginning after June 15, 2023.

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

(1) Summary of Significant Accounting Policies, Continued

(x) Accounting Standards Issued But Not Yet Implemented, Continued

Statement No. 101 - Compensated Absences. Effective for fiscal years beginning after December 15, 2023.

Statement No. 102 - Certain Risk Disclosures. Effective for fiscal years beginning after June 15, 2024.

Statement No. 103 - Financial Reporting Model Improvements. Effective for fiscal years beginning after June 15, 2025.

Statement No. 104 - Disclosure of Certain Capital Assets. Effective for fiscal years beginning after June 15, 2025.

Statement No. 105 – Subsequent Events. Effective for fiscal years beginning after June 15, 2026.

(y) Subsequent Events

The City has evaluated subsequent events for through the date of the report which is the date the financial statements were available to be issued.

(2) Interfund Receivables, Payables and Transfers

The following is a summary of amounts due from and due to other funds as of December 31, 2023:

	<u>Amount receivable</u>	<u>Amount payable</u>
General fund	\$ 6,158,397	2,160,752
Special grants fund	167	9,490
Water fund	1,288,562	782,171
Sewer fund	-	3,251,503
Capital projects fund	<u>1,586,263</u>	<u>2,829,473</u>
Totals	\$ <u>9,033,389</u>	<u>9,033,389</u>

The following is a summary of amounts transferred in and out to other funds during the year ended December 31, 2023:

	<u>Transfers in</u>	<u>Transfers out</u>
General fund	\$ -	2,171,499
Water fund	-	400,000
Sewer fund	-	390,000
Capital projects fund	<u>2,961,499</u>	-
Totals	\$ <u>2,961,499</u>	<u>2,961,499</u>

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

(2) Interfund Receivables, Payables and Transfers, Continued

Interfund activity is used to meet cash flow needs of other funds. Transfers are typically made to fund capital projects. Additionally, as more fully described in note 10 to the financial statements, management re-evaluated the presentation of the water fund and sewer fund, which resulted in the transfer of net position/fund balance of \$6,514,205 and \$100,820, respectively, between the proprietary and governmental funds for each of these funds. These amounts have been eliminated from the table above to avoid double counting.

(3) Capital Assets

The following is a summary of changes in the capital assets for the year ended December 31, 2023:

	Balance December 31, <u>2022</u>	<u>Additions</u>	Transfers/ <u>Disposals</u>	Balance December 31, <u>2023</u>
Governmental activities:				
Land	\$ 12,090,627	-	-	12,090,627
Construction in progress	11,037,794	9,269,319	(1,401,542)	18,905,571
Buildings	26,498,966	-	-	26,498,966
Improvements	2,049,178	135,185	-	2,184,363
Machinery and equipment	12,409,902	766,751	(203,319)	12,973,334
Infrastructure	<u>79,321,809</u>	<u>1,156,614</u>	<u>-</u>	<u>80,478,423</u>
Totals at historical cost	<u>143,408,276</u>	<u>11,327,869</u>	<u>(1,604,861)</u>	<u>153,131,284</u>
Less accumulated depreciation:				
Buildings	13,068,677	493,036	-	13,561,713
Improvements	1,078,010	82,573	-	1,160,583
Machinery and equipment	8,925,239	940,118	(202,084)	9,663,273
Infrastructure	<u>31,633,996</u>	<u>2,246,534</u>	<u>-</u>	<u>33,880,530</u>
Total accumulated depreciation	<u>54,705,922</u>	<u>3,762,261</u>	<u>(202,084)</u>	<u>58,266,099</u>
Governmental activities capital assets, net	<u>\$ 88,702,354</u>	<u>7,565,608</u>	<u>(1,402,777)</u>	<u>94,865,185</u>

Depreciation expense was charged to governmental activities as follows:

General government support	\$ 202,178
Public safety	445,905
Transportation	1,677,650
Culture and recreation	148,906
Home and community services	<u>1,287,622</u>
Total governmental activities	<u>\$ 3,762,261</u>

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

(4) 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.

(1) Changes

The changes in the City's indebtedness during the year ended December 31, 2023, are summarized as follows:

Governmental activities:

	Balance December 31, <u>2022</u>	<u>Increase</u>	<u>Decrease</u>	Balance December 31, <u>2023</u>	Amounts due within <u>one year</u>
Serial bonds	\$ 52,900,603	-	3,570,603	49,330,000	3,105,000
Bond premiums	173,947	-	12,967	160,980	12,967
Landfill costs	40,000	-	8,000	32,000	-
Judgments and claims	60,000	-	-	60,000	-
Compensated absences	2,280,875	241,015	-	2,521,890	-
Total OPEB liability	46,047,764	4,066,709	-	50,114,473	-
Total pension liability - LOSAP	1,564,347	-	438,198	1,126,149	-
Net pension liabilities, proportionate share	<u>764,434</u>	<u>9,501,181</u>	<u>-</u>	<u>10,265,615</u>	<u>-</u>
Total	<u>\$ 103,831,970</u>	<u>13,808,905</u>	<u>4,029,768</u>	<u>113,611,107</u>	<u>3,117,967</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

(4) Long-Term Debt, Continued

(2) Description

Serial bonds payable as of December 31, 2023, 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, 2023</u>
Public improvement	11/12/08	11/15/23	3.25-5.00%	\$ 6,135,000	-
Public improvement	10/01/14	10/01/24	4.00-5.00%	8,370,000	1,035,000
Public improvement	05/15/16	05/15/39	2.00-3.00%	15,075,000	11,170,000
Public improvement	05/24/18	05/15/40	3.00-3.50%	19,052,000	15,780,000
Public improvement	06/29/21	06/15/51	2.25-2.50%	<u>22,805,719</u>	<u>21,345,000</u>
				71,437,719	49,330,000
Deferred premium on bonds				<u>202,642</u>	<u>160,980</u>
Total governmental activities				\$ <u>71,640,361</u>	<u>49,490,980</u>

(3) Annual Amortization

The annual requirements to amortize bonded debt as of December 31, 2023 are as follows:

<u>Year ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,105,000	1,268,019	4,373,019
2025	2,115,000	1,191,925	3,306,925
2026	2,165,000	1,140,506	3,305,506
2027	2,225,000	1,087,731	3,312,731
2028	2,275,000	1,033,581	3,308,581
2029-2033	12,260,000	4,290,797	16,550,797
2034-2038	12,735,000	2,554,177	15,289,177
2039-2043	6,415,000	998,188	7,413,188
2044-2048	3,635,000	509,556	4,144,556
2049-2051	<u>2,400,000</u>	<u>89,013</u>	<u>2,489,013</u>
Totals	<u>\$ 49,330,000</u>	<u>14,163,493</u>	<u>63,493,493</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.

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

(4) Long-Term Debt, Continued

(3) Annual Amortization, Continued

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.

(5) Pension Plans

(a) Plan Description and Benefits Provided

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](http://www.osc.state.us/retirement/publications).

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.

(b) Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pensions

At December 31, 2023, the City reported the following liability for its proportionate share of the net pension liability of ERS and PFRS. The net pension liability was measured as of March 31, 2023. Each total pension liability used to calculate each net pension liability was determined by an actuarial valuation. The City's proportion of each net pension liability was based on a projection of the City's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided to the City in reports from the ERS and PFRS Systems.

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

(5) Pension Plans, Continued

(b) Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pensions, Continued

	<u>ERS</u>	<u>PFRS</u>
Actuarial valuation date	4/1/2022	4/1/2022
Measurement date	3/31/2023	3/31/2023
Net pension liability	\$ 3,111,279	7,154,336
City's proportion of the Plan's net pension liability	0.0145088%	0.1298316%
Change in proportion from the prior year	0.0007327	(0.0047413)

For the year ended December 31, 2023, the City recognized pension expense of \$1,080,055 for ERS and \$2,119,434 for PFRS in the statement of activities. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the 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	\$ 331,376	87,376	699,264	-
Changes of assumptions	1,511,038	16,700	3,486,289	-
Net difference between projected and actual investment earnings on pension plan investments	-	18,279	12,648	-
Changes in proportion and differences between the City's contributions and proportionate share of contributions	70,994	59,091	254,385	662,933
City's contributions subsequent to the measurement date	<u>401,970</u>	<u>-</u>	<u>1,016,273</u>	<u>-</u>
Total	\$ <u>2,315,378</u>	<u>181,446</u>	<u>5,468,859</u>	<u>662,933</u>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as an addition or reduction of the net pension asset/liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pensions will be recognized in pension expense as follows:

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

(5) Pension Plans, Continued

(b) Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pensions, Continued

<u>Year ending December 31,</u>	<u>ERS</u>	<u>PFRS</u>
2024	\$ 404,610	697,632
2025	(165,122)	(234,203)
2026	643,749	2,028,975
2027	848,725	1,204,374
2028	<u>-</u>	<u>92,875</u>
	\$ <u>1,731,962</u>	<u>3,789,653</u>

(c) Actuarial Assumptions

The total pension liabilities as of the measurement date were determined by using an actuarial valuation as of noted on the table below, with update procedures used to roll forward the total pension liabilities to the measurement date. The actuarial valuation for used the following actuarial assumptions:

Inflation	2.9%
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	1.5%

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 actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected 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 as follows:

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

(5) Pension Plans, Continued

(c) Actuarial Assumptions, Continued

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Domestic equity	32%	4.30%
International equity	15%	6.85%
Private equity	10%	7.50%
Real estate	9%	4.60%
Opportunistic/ARS portfolio	3%	5.38%
Credit	4%	5.43%
Real assets	3%	5.84%
Fixed income	23%	1.50%
Cash	<u>1%</u>	0.00%
	<u>100%</u>	

\* The real rate of return is net of the long-term inflation assumption of 2.5%.

(d) 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.

(e) Sensitivity to the Proportionate Share of the Net Pension Liability to the Discount Rate

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

	1% Decrease ( <u>4.9%</u> )	Current Assumption ( <u>5.9%</u> )	1% Increase ( <u>6.9%</u> )
City's proportionate share of the ERS pension asset (liability)	\$ (7,518,627)	(3,111,297)	571,573
City's proportionate share of the PFRS pension asset (liability)	(14,913,549)	(7,154,336)	(729,242)

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

(5) Pension Plans, Continued

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension liabilities of all participating employers as of the measurement date were as follows:

	<u>Dollars in Millions</u>	
	<u>ERS</u>	<u>PFRS</u>
Employers' total pension liability	\$ (232,627)	(43,835)
Plan fiduciary net position	<u>211,183</u>	<u>38,325</u>
Employers' net pension asset (liability)	\$ <u>(21,444)</u>	<u>(5,510)</u>
Ratio of plan fiduciary net position to the Employers' total pension liability	90.78%	87.43%

(g) Contributions to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Retirement contributions as of December 31, 2023 represent the projected employer contribution for the period of April 1, 2023 through March 31, 2024, based on paid employee wages multiplied by the employer's contribution rate, by tier. Retirement contributions paid to ERS and PFRS for the year ended December 31, 2024 were \$515,161 and \$1,331,336, respectively.

(6) Volunteer Firefighter Length of Service Award Program (LOSAP).

(a) 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.

(b) 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.

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

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

(b) Participation, Vesting and Service Credit, Continued

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.

(c) 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.

(d) 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.

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.

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

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

(d) Fiduciary Investment and Control, Continued

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.

(e) Employees Covered by Benefit Terms

At the December 31, 2022 measurement date, the following participants were covered by benefit terms.

<u>Group</u>	
Active participants	5
Inactive participants currently receiving benefits	19
Inactive participants entitled to but not yet receiving benefits	<u>30</u>
Total	<u>54</u>

(f) Measurement of Total Pension Liability

The total pension liability at the December 31, 2022 measurement date was determined using an actuarial valuation as of that date.

(g) Actuarial Assumptions

The total pension liability in the December 31, 2022 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.

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

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

(h) Discount Rate

The discount rate used to measure the total pension liability was 4.31%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2022. 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.

(i) Changes in the Total Pension Liability

Balance as of December 31, 2021 measurement date	\$ 1,564,347
Service cost	19,918
Interest on total pension liability	34,879
Changes of assumptions or other inputs	(421,869)
Differences between expected and actual experience	(16,765)
Benefit payments	<u>(54,361)</u>
Net change	<u>(438,198)</u>
Balance as of December 31, 2022 measurement date	\$ <u>1,126,149</u>

(j) 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, 2022 measurement date, calculated using the discount rate of 4.31%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.31%) or 1-percentage point higher (5.31%) than the current rate:

	1% Decrease (3.31%)	Current Discount Rate (4.31%)	1% Increase (5.31%)
Total pension liability	\$ <u>1,302,273</u>	<u>1,126,149</u>	<u>987,290</u>

(k) Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pension

For the year ended December 31, 2023, the City recognized pension expense of \$15,464.

Components of Pension Expense

Service cost	\$ 19,918
Interest on total pension liability	34,879
Changes of assumptions or other inputs	(48,647)
Differences between expected and actual experience	2,432
Pension plan administrative expenses	<u>6,882</u>
Total pension expense	\$ <u>15,464</u>

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

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

(k) Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pension, Continued

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 17,652	22,188
Changes of assumptions or other inputs	34,732	401,352
Benefit payments and administrative expenses subsequent to the measurement date	<u>63,576</u>	<u>-</u>
Total	\$ <u>115,960</u>	<u>423,540</u>

Deferred outflows of resources related to the pension 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

<u>Year ending December 31,</u>	
2024	\$ (149,760)
2025	(137,437)
2026	(75,999)
2027	(6,635)
2028	<u>(1,325)</u>
	\$ <u>(371,156)</u>

(7) Other Postemployment Benefits

(a) Plan Description and Benefits Provided

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

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

(7) Other Postemployment Benefits, Continued

(b) Employees Covered by Benefit Terms

At January 1, 2023, the following employees were covered by the benefit terms:

Active plan participants	105
Inactive plan participants	<u>114</u>
Total	<u>219</u>

(c) Total OPEB Liability

The City's total OPEB liability of \$50,114,473, was measured as of December 31, 2023 and was determined by an actuarial valuation as of January 1, 2023 with update procedures to roll forward the total OPEB liability to the measurement date.

(d) Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2023 valuation was determined using the following actuarial assumptions and other inputs:

Inflation	2.50%
Rate of compensation increases	2.50%
Discount rate	3.77%

	Current	Ultimate	Year of
Healthcare cost trend rates	<u>Trend Rate</u>	<u>Trend Rate</u>	<u>Ultimate</u>
			<u>Trend Rate</u>
Pre-65 medical	7.750%	4.600%	2075
Post-65 medical	4.037%	4.037%	2075
Pre-65 prescription drugs	7.750%	4.037%	2075
Post-65 prescription drugs	7.000%	4.037%	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.

(e) Changes in the Total OPEB Liability

Total OPEB liability as of January 1, 2023	\$ 46,047,766
Changes for the year:	
Service cost	1,311,917
Interest on total OPEB liability	1,852,972
Differences between expected and actual experience	(355,362)
Changes of assumptions or other inputs	3,193,821
Benefit payments	<u>(1,936,641)</u>
Total changes	<u>4,066,707</u>
Total OPEB liability as of December 31, 2023	\$ <u>50,114,473</u>

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

(7) Other Postemployment Benefits, Continued

(f) 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 (2.77%) or 1-percentage point higher (4.77%) than the current discount rate:

	1% Decrease <u>(2.77%)</u>	Discount Rate <u>(3.77%)</u>	1% Increase <u>(4.77%)</u>
Total OPEB liability	\$ <u>58,386,551</u>	<u>50,114,473</u>	<u>43,508,574</u>

(g) Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost 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 health care cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current health care costs trend rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ <u>42,840,694</u>	<u>50,114,473</u>	<u>59,478,624</u>

(h) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2023, the City recognized OPEB expense of \$916,700. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	-	5,549,747
Changes of assumptions or other inputs		<u>7,205,075</u>	<u>11,455,534</u>
Total	\$	<u>7,205,075</u>	<u>17,005,281</u>

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

(7) Other Postemployment Benefits, Continued

(h) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, Continued

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>	
2024	\$ (1,222,483)
2025	(1,451,778)
2026	(2,355,924)
2027	(2,433,889)
2028	(1,993,327)
Thereafter	<u>(342,805)</u>
	\$ <u>(9,800,206)</u>

(8) 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 2023, the City expended \$8,000 in landfill maintenance and monitoring costs. The estimated unfunded balance of postclosure costs of \$32,000 is recorded as landfill remediation liability, over the remaining 4 years. The actual costs may be higher due to inflation, changes in technology, or changes in regulations.

(9) 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.

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

(9) Commitments and Contingencies, Continued

(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.

(10) Change in Presentation

The water and sewer funds are presented as governmental funds for the year ended December 31, 2023. For the year ended December 31, 2022, the water and sewer funds were presented as proprietary funds. Management has re-evaluated these funds and determined that they should be presented as governmental funds. A reconciliation of the transfers and the impact on net position/fund balance can be seen in the table in note 11.

(11) Prior Period Adjustments

During the year ended December 31, 2023, management made the following adjustments to its December 31, 2022 financial statements:

- (a) As more fully described in note 10, management re-evaluated the water and sewer fund, and determined that they should be presented as governmental funds. Accordingly, all the noncurrent assets (capital assets, net and net pension asset - proportionate share - ERS and related deferred outflows of resources and deferred inflows of resources), governmental fund related assets and liabilities (cash and equivalents and amounts due to/from other funds), and noncurrent liabilities (accrued interest, compensated absences, bonds payable, total OPEB liability and related deferred outflows of resources and deferred inflows of resources) were all required to be adjusted out of the governmental funds. No prior period adjustment for these items was required on the governmental activities as these balances were transferred during the year ended December 31, 2023.
- (b) Investments - length of service award program (LOSAP) were previously reported as governmental activities - internal service fund, but are now being reported in the general fund. No prior period adjustment for these items was required on the governmental activities as the internal service fund is part of the governmental activities.

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

(11) Prior Period Adjustments, Continued

	Governmental Funds				Business-Type Activities		Internal Service Fund	Governmental Activities
	General Fund	Water Fund	Sewer Fund	Projects Fund	Water Fund	Sewer Fund	Length of Service Award Program	
Fund balance/net position at beginning of year, as previously stated	\$ 14,938,787	-	-	4,004,944	6,514,205	100,820	(792,793)	(5,951,666)
Transfer of net position/fund balance	-	6,514,205	100,820	-	(6,514,205)	(100,820)	-	6,615,025
Prior period adjustments:								
Cash and equivalents	-	(2,510,711)	(5,366,370)	7,877,081	-	-	-	-
Capital assets, net	-	(13,991,741)	(21,366,202)	-	-	-	-	-
Accounts payable	-	-	-	-	-	-	-	-
Due to/from other funds	-	1,353,184	2,290,522	(3,643,706)	-	-	-	-
LOSAP	689,049	-	-	-	-	-	(689,049)	-
Deferred outflows of resources	-	(876,439)	(1,088,956)	-	-	-	(241,170)	-
Accrued interest	-	17,112	31,153	-	-	-	-	-
Compensated absences	-	190,290	103,825	-	-	-	-	-
Bonds payable	-	8,676,004	21,533,163	-	-	-	-	-
Net pension asset - proportionate share - ERS	-	(179,572)	(230,182)	-	-	-	-	-
Total pension liability	-	-	-	-	-	-	1,564,347	-
Total OPEB liability	-	3,265,521	3,960,847	-	-	-	-	-
Deferred inflows of resources	-	2,177,115	2,683,479	-	-	-	158,665	-
Total prior period adjustments	689,049	(1,879,237)	2,551,279	4,233,375	-	-	792,793	-
Fund balance/net position at beginning of year, as restated	\$ 15,627,836	4,634,968	2,652,099	8,238,319	-	-	-	663,359

CITY OF BEACON, NEW YORK  
Required Supplementary Information  
Schedule of Revenue, Expenditures and Changes in Fund Balance -  
Budget to Actual - General Fund  
Year ended December 31, 2023

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenue:				
Real property taxes	\$12,507,397	12,507,397	11,875,604	(631,793)
Real property tax items	612,000	612,000	1,018,992	406,992
Nonproperty tax items	6,173,000	6,173,000	6,400,889	227,889
Departmental income	1,316,165	1,318,785	1,386,325	67,540
Intergovernmental charges	255,135	260,652	339,267	78,615
Use of money and property	247,406	253,406	949,993	696,587
Licenses and permits	221,598	221,598	470,249	248,651
Fines and forfeitures	24,275	24,275	53,860	29,585
Sale of property and compensation for loss	69,000	79,850	122,581	42,731
Miscellaneous local sources	43,910	61,408	71,400	9,992
Interfund revenues	673,750	673,750	673,750	-
State aid	2,258,617	2,333,434	2,202,538	(130,896)
Federal aid	4,620	4,620	1,173,300	1,168,680
	<u>24,406,873</u>	<u>24,524,175</u>	<u>26,738,748</u>	<u>2,214,573</u>
Total revenue				
Appropriation of prior's year's fund balance	-	-	-	-
	<u>24,406,873</u>	<u>24,524,175</u>	<u>26,738,748</u>	<u>2,214,573</u>
Total revenue and appropriation of prior year's fund balance				
Expenditures:				
General government support	3,153,989	2,819,378	2,463,125	356,253
Public safety	9,548,970	9,856,215	7,860,050	1,996,165
Transportation	2,114,280	2,159,622	1,704,832	454,790
Culture and recreation	995,343	1,050,138	987,705	62,433
Home and community service	1,433,279	1,535,094	1,448,842	86,252
Employee benefits	4,455,205	4,455,343	6,286,314	(1,830,971)
Debt service:				
Principal	2,272,489	2,272,489	2,272,489	-
Interest	633,318	633,318	633,318	-
	<u>24,606,873</u>	<u>24,781,597</u>	<u>23,656,675</u>	<u>1,124,922</u>
Total expenditures				
Excess (deficiency) of revenue over	(200,000)	(257,422)	3,082,073	3,339,495
Other financing sources - operating transfers out	-	(20,003)	(2,171,499)	(2,151,496)
Change in fund balance	<u>\$ (200,000)</u>	<u>(277,425)</u>	<u>910,574</u>	<u>1,187,999</u>

CITY OF BEACON, NEW YORK  
Required Supplementary Information  
Schedule of Revenue, Expenditures and Changes in Fund Balance -  
Budget to Actual - Water Fund  
Year ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenue:				
Departmental income	\$3,997,675	4,011,675	3,762,013	(249,662)
Use of money and property	20,500	20,500	116,484	95,984
Sale of property and compensation for loss	-	-	901	901
Total revenue	<u>4,018,175</u>	<u>4,032,175</u>	<u>3,879,398</u>	<u>(152,777)</u>
Expenditures:				
General government support	332,650	297,650	-	297,650
Home and community service	2,501,804	2,604,804	2,292,542	312,262
Employee benefits	535,319	535,319	675,342	(140,023)
Debt service:				
Principal	444,532	444,532	444,532	-
Interest	<u>203,870</u>	<u>203,870</u>	<u>203,870</u>	<u>-</u>
Total expenditures	<u>4,018,175</u>	<u>4,086,175</u>	<u>3,616,286</u>	<u>469,889</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>(54,000)</u>	<u>263,112</u>	<u>317,112</u>
Other financing sources (uses):				
Transfers in	-	-	6,514,205	6,514,205
Transfers out	<u>-</u>	<u>-</u>	<u>(400,000)</u>	<u>(400,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>6,114,205</u>	<u>6,114,205</u>
Change in fund balance	<u>\$ -</u>	<u>(54,000)</u>	<u>6,377,317</u>	<u>6,431,317</u>

CITY OF BEACON, NEW YORK  
Required Supplementary Information  
Schedule of Revenue, Expenditures and Changes in Fund Balance -  
Budget to Actual - Sewer Fund  
Year ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:				
Departmental income	\$5,133,582	5,133,582	5,149,457	15,875
Use of money and property	<u>3,800</u>	<u>3,800</u>	<u>144,335</u>	<u>140,535</u>
Total revenue	<u>5,137,382</u>	<u>5,137,382</u>	<u>5,293,792</u>	<u>156,410</u>
Expenditures:				
General government support	142,738	87,738	-	87,738
Home and community service	3,023,557	3,121,104	2,520,095	601,009
Employee benefits	591,250	591,250	794,737	(203,487)
Debt service:				
Principal	852,982	852,982	852,982	-
Interest	<u>526,855</u>	<u>526,855</u>	<u>526,855</u>	<u>-</u>
Total expenditures	<u>5,137,382</u>	<u>5,179,929</u>	<u>4,694,669</u>	<u>485,260</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>(42,547)</u>	<u>599,123</u>	<u>641,670</u>
Other financing sources (uses):				
Transfers in	-	-	100,820	100,820
Transfers out	<u>-</u>	<u>-</u>	<u>(390,000)</u>	<u>(390,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(289,180)</u>	<u>(289,180)</u>
Change in fund balance	<u>\$ -</u>	<u>(42,547)</u>	<u>309,943</u>	<u>352,490</u>

CITY OF BEACON, NEW YORK  
Required Supplementary Information  
Schedule of City's Proportionate Share of the Net Pension Asset/Liability  
December 31, 2023

<u>ERS</u>	<u>2023</u>	<u>2022</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 asset (liability)	0.0145088%	0.0137761%	0.0130882%	0.0132659%	0.0132468%	0.0131198%	0.0121427%	0.0126580%	0.0120469%
The City's proportionate share of the net pension asset (liability)	\$ (3,111,279)	1,126,136	(13,032)	(3,512,876)	(938,573)	(423,433)	(1,140,954)	(2,031,646)	(406,970)
The City's covered payroll	\$ 4,634,003	4,325,492	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 asset (liability) as a percentage of covered payroll	67.14%	26.03%	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	90.8%	103.7%	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	0.1298316%	0.1345729%	0.1468227%	0.1296563%	0.1132447%	0.1210594%	0.1197326%	0.1223309%	0.1314506%
The City's proportionate share of the net pension liability	\$ (7,154,336)	(764,434)	(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	\$ 5,305,294	5,034,281	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	134.85%	15.18%	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	87.4%	98.7%	95.8%	84.9%	95.1%	96.9%	93.5%	90.2%	97.9%

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, 2023

<u>ERS</u>	<u>2023</u>	<u>2022</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	\$ 515,161	452,761	590,036	507,793	503,428	479,934	481,656	491,510	544,748
Contribution in relation to the contractually required contribution	<u>515,161</u>	<u>452,761</u>	<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>	<u>-</u>	<u>-</u>
City's covered payroll	\$ 4,634,003	4,325,492	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	11.12%	10.47%	14.94%	13.36%	13.13%	13.47%	13.20%	14.37%	16.74%
 <u>PFRS</u>									
Contractually required contribution	\$ 1,331,336	1,230,250	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>1,331,336</u>	<u>1,230,250</u>	<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>	<u>-</u>	<u>-</u>
City's covered payroll	\$ 5,305,294	5,034,281	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	25.09%	24.44%	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, 2023

Measurement Date as of December 31,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability:						
Service cost	\$ 19,918	20,712	12,758	18,387	22,004	23,018
Interest on total pension liability	34,879	31,411	41,861	42,847	40,104	43,482
Changes of assumptions or other inputs	(421,869)	(87,532)	326,124	76,228	(94,957)	108,864
Differences between expected and actual experience	(16,765)	16,203	1,657	21,235	(7,405)	(30,251)
Benefit payments	<u>(54,361)</u>	<u>(46,540)</u>	<u>(47,280)</u>	<u>(44,880)</u>	<u>(51,380)</u>	<u>(42,660)</u>
Net change in total pension liability	(438,198)	(65,746)	335,120	113,817	(91,634)	102,453
Total pension liability - beginning	<u>1,564,347</u>	<u>1,630,093</u>	<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>\$ 1,126,149</u>	<u>1,564,347</u>	<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	N/A	N/A
Total pension liability as a percentage of covered payroll	N/A	N/A	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. There are no assets accumulated in trust that meets the criteria of GASB Statement No. 73, paragraph 4.

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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2018</u>	<u>2018</u>
4.31%	2.24%	1.93%	3.26%	3.64%	3.16%

CITY OF BEACON, NEW YORK  
Required Supplementary Information  
Schedule of Changes in the City's Total OPEB Liability and Related Ratios  
December 31, 2023

Measurement Date as of December 31, Total OPEB liability:	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 1,311,917	2,368,476	1,933,704	1,371,545	1,150,472	1,499,123
Interest on total OPEB liability	1,852,972	1,108,607	1,106,656	1,517,184	1,826,072	1,898,302
Change of benefit terms	-	1,383,846	1,108,299	-	-	-
Differences between expected and actual experience	(355,362)	-	(6,831,606)	-	(6,976,153)	-
Changes of assumptions or other inputs	3,193,821	(15,722,026)	1,677,744	5,925,139	8,404,997	(6,296,536)
Benefit payments	<u>(1,936,641)</u>	<u>(1,946,089)</u>	<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>4,066,707</u>	<u>(12,807,186)</u>	<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>46,047,766</u>	<u>58,854,952</u>	<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>\$ 50,114,473</u>	<u>46,047,766</u>	<u>58,854,952</u>	<u>61,676,755</u>	<u>54,734,687</u>	<u>52,103,828</u>
Covered payroll	<u>\$ 10,897,403</u>	<u>10,787,608</u>	<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	459.9%	426.9%	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. There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
3.77%	4.05%	1.84%	2.00%	2.75%	3.71%

CITY OF BEACON, NEW YORK  
Federal Grant Compliance Audit  
December 31, 2023

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, 2023, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 22, 2025.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

#### 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

#### The City's Response to the Finding

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

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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  
December 22, 2025

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Beacon, New York's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the City's major federal program for the year ended December 31, 2023. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

## Responsibilities of Management for Compliance

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

## Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

#### Report on Internal Control Over Compliance

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

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

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

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

EFPR Group, CPAs, PLLC

Williamsville, New York  
December 22, 2025

CITY OF BEACON, NEW YORK  
Schedule of Expenditures of Federal Awards  
Year ended December 31, 2023

<u>Federal Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Housing and Urban Development - passed through the County of Dutchess, New York - CDBG - Community Development Block Grants/ Entitlement Grants	14.218	N/A	<u>\$ 198,777</u>	<u>-</u>
U.S. Department of Transportation - passed through New York State Department of Transportation - Highway Planning and Construction	20.205	8757130/875180 876125/876145	<u>170,119</u>	<u>-</u>
U.S. Department of Treasury - COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>1,160,699</u>	<u>-</u>
U.S. Department of Homeland Security - passed through New York State Department of Homeland Security - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4615DR-NY	<u>12,601</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,542,196</u>	<u>-</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF BEACON, NEW YORK  
Notes to Schedule of Expenditures of Federal Awards  
December 31, 2023

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of the City of Beacon, New York (the City) under programs of the Federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position and changes in financial position of the City.

(2) Summary of Significant Accounting Policies

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

Matching costs (the City's share of certain program costs) are not included in the reported expenditures.

The amounts reported as Federal expenditures were obtained from the Federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the City's financial reporting system.

(3) Indirect Costs

Indirect costs are included in the reported expenditures to the extent that such costs are included in the Federal financial reports used as the source for the data presented. The de minimis election allows the City to allocate 10% of indirect costs to grants with periods ending on or before September 30, 2024 and 15% of indirect costs to grant with periods after September 30, 2024. The City does not use the de minimis election.

(4) Subrecipients

No amounts were provided to subrecipients.

CITY OF BEACON, NEW YORK  
 Schedule of Findings and Questioned Costs  
 Year ended December 31, 2023

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- |  |  |
|--|--|
| 1. Material weakness(es) identified?                     | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No            |
| 2. Significant deficiency(ies) identified?               | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported |
| 3. Noncompliance material to financial statements noted? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No            |

Federal Awards:

Internal control over major programs:

- |  |  |
|--|--|
| 4. Material weakness(es) identified?       | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No            |
| 5. Significant deficiency(ies) identified? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported |

Type of auditors' report issued on compliance for major programs: Unmodified

- |  |   |
|--|---|
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
|--|---|

7. The City's major program audited was:

<u>Name of Federal Program</u>	<u>Assistance Listing Number</u>
Covid-19 Coronavirus State and Local Fiscal Recovery Funds	21.027

- |   |   |
|---|---|
| 8. Dollar threshold used to distinguish between Type A and Type B programs. | \$750,000   |
| 9. Auditee qualified as low-risk auditee?                                   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

Part II - FINANCIAL STATEMENT FINDINGS SECTION

See page 55.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

See page 55.

CITY OF BEACON, NEW YORK  
Schedule of Findings and Questioned Costs, Continued

PART II - FINANCIAL STATEMENT FINDINGS SECTION

(2023-001) Significant Audit Adjusting Journal Entries

Criteria - Management is responsible for maintaining accounting records that are accurate and supported by documentation.

Condition - The accounting records did not have proper supporting documentation for several of the balance sheet accounts.

Cause - The City did not reconcile the year-end balance sheet accounts.

Effect of Condition - There were significant adjusting journal entries which were proposed and accepted by management to correct the financial reporting of the City.

Recommendation - We recommend that significant balance sheet accounts be reconciled at year-end and ensure that the accounts have proper supporting documentation.

View's of Responsible Officials and Planned Corrective Actions - See corrective action plan on page 57.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

(2023-002) Financial Reporting

Criteria - According to 2 CFR §200.512, non-federal entities must submit their audit reports, including financial information, to the Federal Audit Clearinghouse (FAC) within nine months after the end of the audit period.

Condition - The City did not submit its audited financial information for the year ended December 31, 2023, to the FAC by the required deadlines.

Cause - The City's financial statements required significant audit adjusting journal entries.

Effect - The City is currently not meeting the reporting requirements mandated for federal awards.

Repeat Finding - This is a repeat finding of the item 2022-001 as reporting for the year ended December 31, 2022.

Statistical Sampling - The sample was not intended to be, and was not, a statistically valid sample.

Questioned Costs - None identified.

Recommendation - The City should reconcile all its balance sheet accounts at year-end.

Views of Responsible Officials and Planned Corrective Actions - See corrective action plan on page 57.

CTIY OF BEACON, NEW YORK  
Status of Prior Year Audit Findings  
Year ended December 31, 2023

Finding 2022-001: Federal Reporting

Condition - The Data Collection Form for the year ended December 31, 2022 was not filed with the Federal Audit Clearinghouse within nine months after year end.

Status - This finding is repeated for the year ended December 31, 2023 as finding 2023-002.

CITY OF BEACON, NEW YORK  
Corrective Action Plan  
Year ended December 31, 2023

Name of Auditee: City of Beacon, New York

Name of Audit Firm: EFPR Group, CPAs, PLLC

Period Covered by the Audit: Year ended December 31, 2023

CAP Prepared by: Susan Tucker, CPA, Director of Finance

Phone: (845) 838-5006

- (1) Audit Finding 2023-001 - The City had significant audit adjustments to its accounting records.
- (a) Implementation Plan of Actions - The City will reconcile significant balance sheet accounts at year-end and ensure there is supporting documentation.
  - (b) Implementation Date - This will be implemented for the year ending December 31, 2026.
  - (c) Persons Responsible for Implementation - The Director of Finance and the City Council.
- (2) Audit Finding 2023-002 - The City did not submit its audited financial information for the year ended December 31, 2023, to the FAC by the required deadlines.
- (a) Implementation Plan of Actions - The City will reconcile its balance sheet accounts at year-end.
  - (b) Implementation Date - This will be implemented for the year ending December 31, 2026.
  - (c) Persons Responsible for Implementation - The Director of Finance and the City Council.