

BEACON CITY SCHOOL DISTRICT

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

June 30, 2025

BEACON CITY SCHOOL DISTRICT

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 13
Basic Financial Statements:	
District-Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	17
Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds	18
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities	19
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	20
Notes to Financial Statements	21 - 52
Required Supplementary Information:	
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget to Actual - General Fund	53
Schedule of the District's Proportionate Share of the Net Pension Asset/Liability	54
Schedule of the District's Pension Contributions	55
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	56

BEACON CITY SCHOOL DISTRICT

Table of Contents, Continued

	<u>Page</u>
Other Supplementary Information:	
Schedule of Changes from Adopted Budget to Final Budget and the Real Property Tax Law Limit Calculation	57
Schedule of Project Expenditures - Capital Projects Fund	58
Net Investment in Capital Assets	59
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government</u> <u>Auditing Standards</u>	60 - 61
Schedule of Findings and Responses	62
Status of Prior Year Audit Findings	63
Corrective Action Plan	64

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Beacon City School District
Beacon, New York:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Beacon City School District (the District), as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2025, 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 District 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 note 15 to the financial statements, the District restated its prior year financial statements for certain corrections of errors. Additionally, as discussed in note 1(v) and 15, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101 - Compensated Absences. Our opinions are not modified with respect to these matters.

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 District'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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the additional information on pages 53 through 56 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 District's basic financial statements. The accompanying other supplementary information on pages 57 through 59 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary information 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 October 14, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 14, 2025

BEACON CITY SCHOOL DISTRICT
Management's Discussion and Analysis
June 30, 2025

INTRODUCTION

Our discussion and analysis of the Beacon City School District's (the District) financial performance provides an overview of the District's financial activities for the year ended June 30, 2025. To enhance your understanding of the District's financial performance, it should be read in conjunction with the basic financial statements that immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2024-2025 are as follows:

- The District's total net position (deficit), as reflected in the District-Wide financial statements was \$(119,817,610) which is a decrease in the deficit of \$380,150 from the prior year net position deficit.
- The total assets and deferred outflows of resources at June 30, 2025 were \$147,422,484 which is a decrease of \$6,097,493 from \$153,519,977 at June 30, 2024, primarily as a result a decrease in cash balances.
- The total liabilities and deferred inflows of resources at June 30, 2025 were \$267,240,094 which is a decrease of \$6,477,643 from \$273,717,737 at June 30, 2024, as a result of an actuarial valuation for the teacher's retirement system.
- The General Fund has an unassigned fund balance of \$4,622,882 at June 30, 2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) District-Wide financial statements, (2) fund financial statements and (3) notes to financial statements.

District-Wide Financial Statements

The District-Wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

BEACON CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The governmental activities of the District include general support, instruction, transportation, cost of food sales and interest.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-Wide financial statements. However, unlike the District-Wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the District-Wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the District-Wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds' balance sheet and the governmental funds' statement of revenue, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds; General Fund, Special Aid Fund, School Food Service Fund, Miscellaneous Special Revenue Fund, Capital Projects Fund and Debt Service Fund. Information is presented separately in the balance sheet - governmental funds and in the statement of revenue, expenditures and changes in fund balance - governmental funds.

The District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided within the basic financial statements to demonstrate compliance with the budget.

BEACON CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

The Fiduciary Funds are used to account resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the District-Wide financial statements because the resources of those funds are not available to support the District's programs. The District maintains only one type of fiduciary fund that is known as a Custodial Fund. The Custodial Fund reports resources, not in a trust, that are held by the District for other parties outside of the District's reporting entity and, in the case of the District, primarily to account for real property taxes collected for the Howland Public Library.

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

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-Wide and fund financial statements. The notes to financial statements can be found following the basic financial statements section of this report.

Other Information

Additional statements and schedules can be found immediately following the notes to financial statements. These include the required supplementary information on budget to actual comparisons, pension systems and other postemployment benefits.

District-Wide Financial Analysis

Our analysis below focuses on net position (figure 1) and changes in net position (figure 2) of the District's governmental activities:

Figure 1

Condensed Statements of Net Position

	<u>2025</u>	<u>2024*</u>	<u>Change</u>	<u>Percentage Change</u>
Current assets	\$ 19,943,439	30,591,010	(10,647,571)	-34.8%
Capital assets, net	83,988,531	74,755,161	9,233,370	12.4%
Noncurrent assets	<u>11,195,278</u>	<u>7,174,933</u>	<u>4,020,345</u>	56.0%
Total assets	<u>115,127,248</u>	<u>112,521,104</u>	<u>2,606,144</u>	2.3%
Deferred outflows of resources	<u>32,295,236</u>	<u>40,998,873</u>	<u>(8,703,637)</u>	-21.2%

BEACON CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Figure 1, Continued

	<u>2025</u>	<u>2024*</u>	<u>Change</u>	<u>Percentage Change</u>
Current liabilities	\$ 11,222,000	29,695,905	(18,473,905)	-62.2%
Long-term liabilities	<u>190,747,499</u>	<u>188,379,789</u>	<u>2,367,710</u>	1.3%
Total liabilities	<u>201,969,499</u>	<u>218,075,694</u>	<u>(16,106,195)</u>	-7.4%
Deferred inflows of resources	<u>65,270,595</u>	<u>55,642,043</u>	<u>9,628,552</u>	17.3%
Net position (deficit):				
Net investment in capital assets	44,781,402	34,065,052	10,716,350	31.5%
Restricted	14,802,383	7,176,364	7,626,019	106.3%
Unrestricted (deficit)	<u>(179,401,395)</u>	<u>(161,439,176)</u>	<u>(17,962,219)</u>	-11.1%
Total net position (deficit)	<u>\$ (119,817,610)</u>	<u>(120,197,760)</u>	<u>380,150</u>	0.3%

* Restated for correction of errors and changes in accounting principles as described in note 15.

Total net position increased \$380,150 primarily driven by the current year results of operations.

Figure 2 Condensed Statements of Activities

	<u>2025</u>	<u>2024</u>	<u>Change</u>	<u>Percentage Change</u>
Revenue:				
Program revenue:				
Charges for services	\$ 479,829	720,243	(240,414)	-33.4%
Operating grants and contributions	<u>5,535,740</u>	<u>5,159,603</u>	<u>376,137</u>	7.3%
Total program revenue	<u>6,015,569</u>	<u>5,879,846</u>	<u>135,723</u>	2.3%
General revenue:				
Real property taxes	45,699,343	43,766,508	1,932,835	4.4%
Other tax and nonproperty tax items	2,643,506	2,705,843	(62,337)	-2.3%
State aid	30,380,066	31,306,818	(926,752)	-3.0%
Other	<u>3,129,247</u>	<u>3,407,092</u>	<u>(277,845)</u>	-8.2%
Total general revenue	<u>81,852,162</u>	<u>81,186,261</u>	<u>665,901</u>	0.8%
Total revenue	<u>87,867,731</u>	<u>87,066,107</u>	<u>801,624</u>	0.9%

BEACON CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Figure 2, Continued

	<u>2025</u>	<u>2024</u>	<u>Change</u>	<u>Percentage Change</u>
Expenses:				
General support	\$ 10,489,949	12,657,988	(2,168,039)	-17.1%
Instruction	68,480,498	71,290,915	(2,810,417)	-3.9%
Transportation	4,615,860	4,783,027	(167,167)	-3.5%
Community service	350,723	497,098	(146,375)	-29.4%
School food service	2,278,913	1,921,491	357,422	18.6%
Interest	<u>1,271,638</u>	<u>916,700</u>	<u>354,938</u>	38.7%
Total expenses	<u>87,487,581</u>	<u>92,067,219</u>	<u>(4,579,638)</u>	-5.0%
Change in net position	\$ <u>380,150</u>	<u>(5,001,112)</u>	<u>5,381,262</u>	107.6%

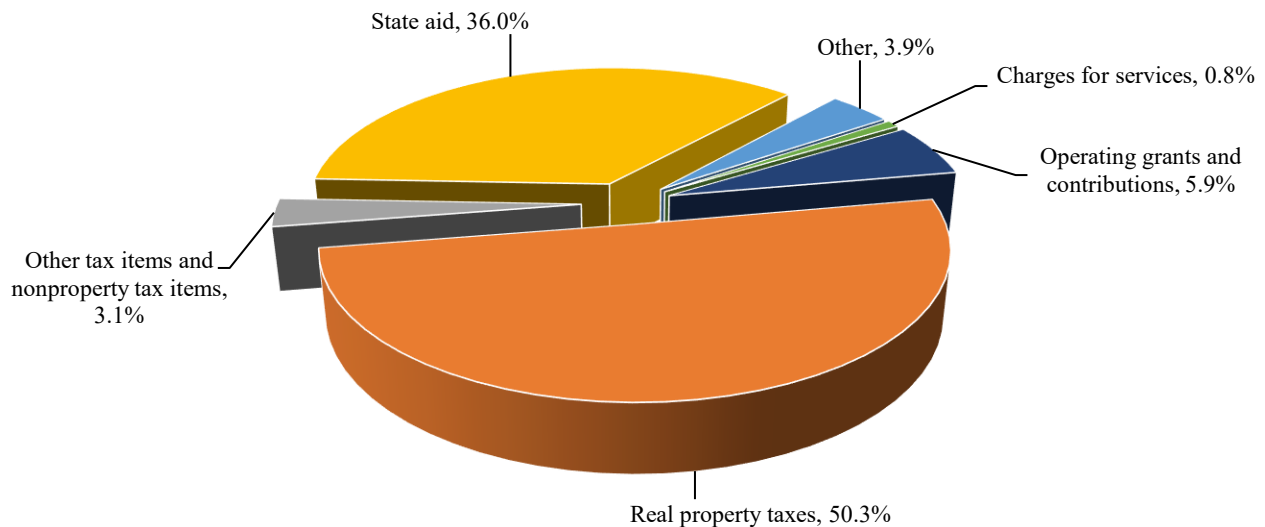
Total revenue for the District's governmental activities increased by \$801,624 primarily due to increases in property tax revenue resulting from changes in the assessed values of properties and changes in the tax rate.

Total expenses for the District's governmental activities decreased by \$4,579,638 primarily due to changes in the actuarial valuations of the pension systems and the other postemployment benefits obligations.

Figures 3 and 4 show the percentage of sources of revenue for the years ended June 30, 2025 and 2024.

Figure 3

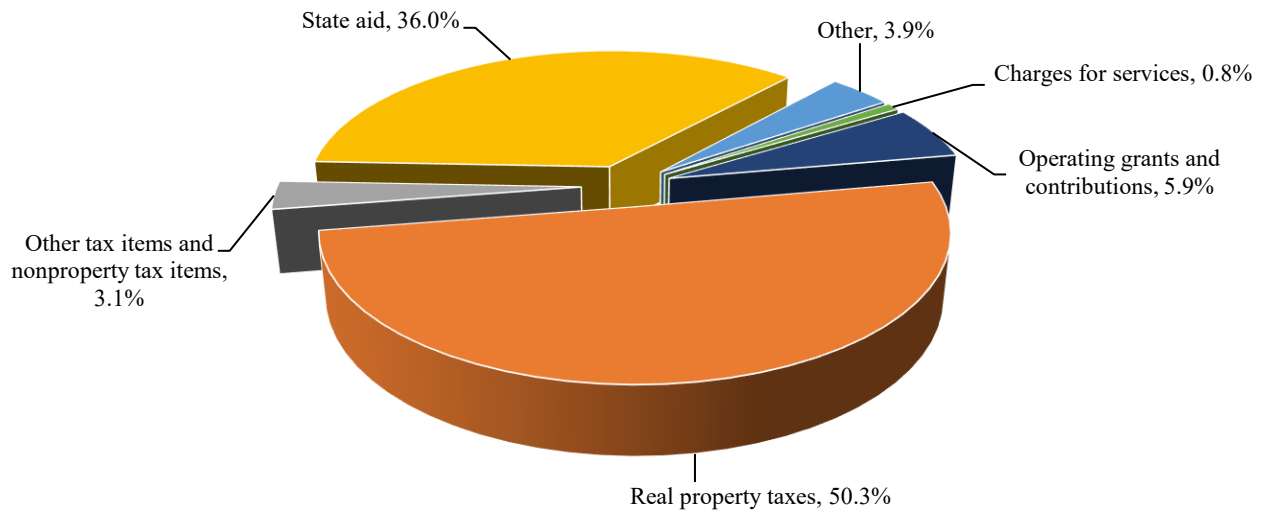
Sources of Revenue for year ended June 30, 2025



BEACON CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Figure 4

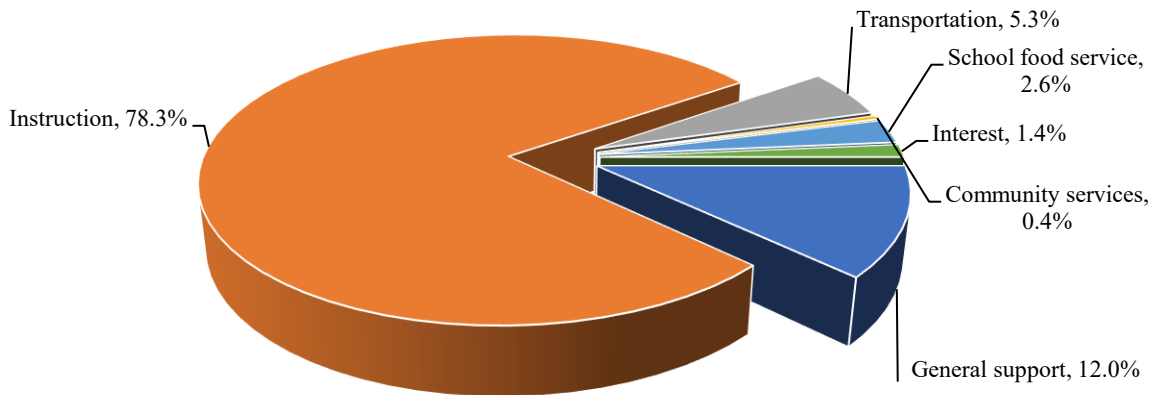
Sources of Revenue for year ended June 30, 2024



Figures 5 and 6 present the cost for each of the District's programs for the years ended June 30, 2025 and 2024.

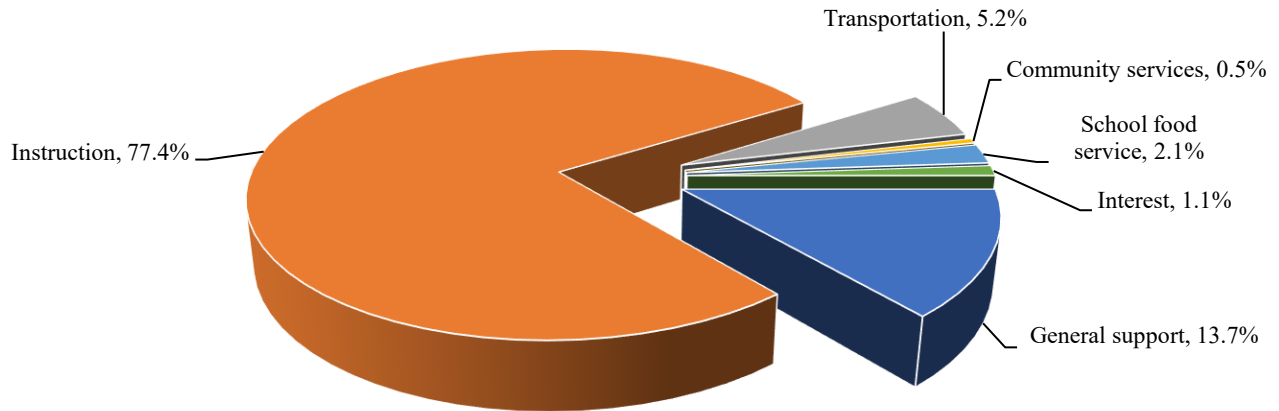
Figure 5

Cost of Programs for year ended June 30, 2025



BEACON CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Figure 6 Cost of Programs for year ended June 30, 2024



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Figure 7 shows the changes in fund balance for the District's funds. As the District completed the year, its governmental funds, as presented in the balance sheet - governmental funds, reported a combined fund balance of \$17,675,264 at June 30, 2025.

Figure 7

	<u>2025</u>	<u>2024*</u>	<u>Change</u>	<u>Percentage Change</u>
General fund	\$ 10,842,446	12,167,087	(1,324,641)	-10.9%
School food service fund	495,902	417,774	78,128	18.7%
Miscellaneous special revenue fund	246,504	252,989	(6,485)	-2.6%
Capital projects fund	2,890,647	(6,282,319)	9,172,966	146.0%
Debt service fund	<u>3,199,765</u>	<u>2,880,636</u>	<u>319,129</u>	11.1%
Total fund balance	\$ <u>17,675,264</u>	<u>9,436,167</u>	<u>8,239,097</u>	87.3%

* Restated for correction of errors as described in note 15.

GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the original budget and the final amended budget was \$601,303 or 0.7% of total general fund expenditures.

Figure 8 summarizes the original and final budgets, the actual expenditures (including encumbrances), and variances for the year ended June 30, 2025.

BEACON CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Figure 8 Condensed Budgetary Comparison - General Fund for the year ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual with Encumbrances</u>	<u>Total variance</u>
Revenue:				
Real property taxes	\$ 47,675,425	47,675,425	45,414,948	(2,260,477)
Other tax and nonproperty tax items	360,000	360,000	2,643,506	2,283,506
State sources	30,154,727	30,207,882	30,380,066	172,184
Other	2,199,848	2,251,978	3,111,242	859,264
Transfers in	<u>3,465,000</u>	<u>3,465,000</u>	<u>470,873</u>	<u>(2,994,127)</u>
Total revenue	83,855,000	83,960,285	82,020,635	(1,939,650)
Appropriated fund balance, reserves	<u>-</u>	<u>496,018</u>	<u>1,755,256</u>	<u>1,259,238</u>
Budget total	<u>\$ 83,855,000</u>	<u>84,456,303</u>	<u>83,775,891</u>	<u>(680,412)</u>
Expenses:				
General support	8,658,987	8,713,635	8,558,707	(154,928)
Instruction	44,260,658	47,292,829	47,030,814	(262,015)
Transportation	3,717,450	3,435,292	3,420,270	(15,022)
Community service	151,000	207,493	205,394	(2,099)
Employee benefits	21,245,025	19,072,352	18,920,192	(152,160)
Debt service	5,681,880	5,595,002	5,510,406	(84,596)
Transfer to other funds	<u>140,000</u>	<u>139,700</u>	<u>130,108</u>	<u>(9,592)</u>
Total expenditures	<u>\$ 83,855,000</u>	<u>84,456,303</u>	<u>83,775,891</u>	<u>(680,412)</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2025, the District had invested in a broad range of capital assets. Capital assets showed a net increase of \$9,233,370 from June 30, 2024 as shown in Figure 9 as follows.

Figure 9 Capital Assets (Net of Depreciation)

<u>Category</u>	<u>2025</u>	<u>2024</u>	<u>Change</u>
Land	\$ 3,852,640	3,852,640	-
Construction-in-progress	13,915,602	2,088,568	11,827,034
Land improvements	-	1,035	(1,035)
Buildings and improvements	63,127,221	65,348,145	(2,220,924)
Furniture and equipment	420,918	351,382	69,536
Vehicles	1,091,488	1,431,745	(340,257)
Right-to-use assets - equipment	<u>1,580,662</u>	<u>1,681,646</u>	<u>(100,984)</u>
Total	<u>\$ 83,988,531</u>	<u>74,755,161</u>	<u>9,233,370</u>

BEACON CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Figure 9, Continued

Capital asset activity for the year ended June 30, 2025 included the following:

Balance at June 30, 2024	\$ <u>74,755,161</u>
Additions:	
Construction-in-progress	11,827,034
Buildings and improvements	29,865
Furniture and equipment	175,999
Right-to-use assets - equipment	<u>346,424</u>
Total additions	12,379,322
Less depreciation and amortization expense	<u>(3,145,952)</u>
Total activity	<u>9,233,370</u>
Balance at June 30, 2025	\$ <u>83,988,531</u>

Debt Administration

Long-term debt decreased \$897,877 in 2025, as shown in Figure 10.

Figure 10

	<u>Outstanding Debt</u>			Percentage Change
	<u>2025</u>	<u>2024*</u>	<u>Change</u>	
Bonds payable	\$ 36,072,290	18,218,045	17,854,245	98.0%
Energy performance contracts	1,587,209	1,852,589	(265,380)	-14.3%
Lease liabilities	400,565	555,240	(154,675)	-27.9%
Compensated absences	3,389,266	3,365,653	23,613	0.7%
Net pension liability - ERS	3,931,986	3,218,600	713,386	22.2%
Net pension (asset) liability - TRS	(5,176,518)	1,955,236	(7,131,754)	-364.8%
Total OPEB liability	<u>149,884,531</u>	<u>161,821,843</u>	<u>(11,937,312)</u>	-7.4%
Total long-term debt	\$ <u>190,089,329</u>	<u>190,987,206</u>	<u>(897,877)</u>	-0.5%

* Restated for change in accounting principle as described in note 15.

Additional information on the maturities and terms of the District's outstanding debt can be found in the notes to these financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

Voters approved the proposed 2025-2026 budget in the amount of \$87,720,895. As state aid levels have continued to increase over the past three years, the District has been able to limit increases in property taxes.

BEACON CITY SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Beacon City School District
Attn: Ann Marie Quartironi
Deputy Superintendent
10 Education Drive
Beacon, New York 12508

BEACON CITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2025

Assets:	
Current assets:	
Cash and equivalents - unrestricted	\$ 13,688,590
Receivables:	
Taxes	1,467,616
State and Federal aid	4,216,174
Due from other governments	164,099
Other	374,418
Inventory	<u>32,542</u>
Total current assets	<u>19,943,439</u>
Noncurrent assets:	
Cash and equivalents - restricted	6,018,760
Net pension asset - proportionate share - TRS	5,176,518
Capital assets, net	<u>83,988,531</u>
Total noncurrent assets	<u>95,183,809</u>
Total assets	<u>115,127,248</u>
Deferred outflows of resources:	
Deferred charge on bond refundings	52,504
Pensions	14,176,394
Other postemployment benefits	<u>18,066,338</u>
Total deferred outflows of resources	<u>32,295,236</u>
Liabilities:	
Accounts payable	735,878
Accrued liabilities	311,095
Due to other governments	740
Due to Employees' Retirement System	316,788
Due to Teachers' Retirement System	3,923,558
Compensated absences	269,987
Bond anticipation note	1,125,000
Unearned revenue	20,606
Long-term liabilities:	
Due and payable within one year:	
Bonds payable, including unamortized premiums	4,084,689
Energy performance contract	272,247
Lease liabilities	161,412
Due and payable in more than one year:	
Bonds payable, including unamortized premiums	31,987,601
Energy performance contract	1,314,962
Lease liabilities	239,153
Compensated absences	3,389,266
Net pension liability - proportionate share - ERS	3,931,986
Total OPEB liability	<u>149,884,531</u>
Total liabilities	<u>201,969,499</u>
Deferred inflows of resources:	
Pensions	6,620,575
Other postemployment benefits	<u>58,650,020</u>
Total deferred inflows of resources	<u>65,270,595</u>
Net position (deficit):	
Net investment in capital assets	44,781,402
Restricted	14,802,383
Unrestricted (deficit)	<u>(179,401,395)</u>
Total net position (deficit)	<u>\$ (119,817,610)</u>

See accompanying notes to financial statements.

BEACON CITY SCHOOL DISTRICT
Statement of Activities
Year ended June 30, 2025

	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net Expense and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Programs/functions:				
General support	\$ 10,489,949	-	-	(10,489,949)
Instruction	68,480,498	293,492	3,684,639	(64,502,367)
Transportation	4,615,860	417	-	(4,615,443)
Community services	350,723	-	-	(350,723)
School food service	2,278,913	185,920	1,851,101	(241,892)
Debt service - interest	<u>1,271,638</u>	<u>-</u>	<u>-</u>	<u>(1,271,638)</u>
Total programs/functions	<u>\$ 87,487,581</u>	<u>479,829</u>	<u>5,535,740</u>	<u>(81,472,012)</u>
General revenue:				
Real property taxes				45,699,343
Real property tax items				2,643,026
Nonproperty tax items				480
Use of money and property				1,540,631
Sale of property and compensation for loss				28,601
State sources				30,380,066
Federal sources				398,020
Miscellaneous				<u>1,161,995</u>
Total general revenue				<u>81,852,162</u>
Change in net position				<u>380,150</u>
Net position (deficit) at beginning of year, as previously stated				(121,773,074)
Prior period adjustments (note 15)				<u>1,575,314</u>
Net position (deficit) at beginning of year, as restated				<u>(120,197,760)</u>
Net position (deficit) at end of year				<u>\$(119,817,610)</u>

See accompanying notes to financial statements.

BEACON CITY SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2025

<u>Assets</u>	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>School Food Service Fund</u>	<u>Miscellaneous Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Cash and equivalents:							
Unrestricted	\$ 12,713,483	531,700	443,407	-	-	-	13,688,590
Restricted	3,288,949	-	-	237,334	348	2,492,129	6,018,760
Receivables:							
Taxes	1,467,616	-	-	-	-	-	1,467,616
State and Federal aid	2,735,504	1,332,835	147,835	-	-	-	4,216,174
Due from other governments	164,099	-	-	-	-	-	164,099
Due from other funds	1,956,296	-	30,530	9,170	2,965,876	707,636	5,669,508
Other	373,855	-	563	-	-	-	374,418
Inventory	-	-	32,542	-	-	-	32,542
Total assets	<u>\$ 22,699,802</u>	<u>1,864,535</u>	<u>654,877</u>	<u>246,504</u>	<u>2,966,224</u>	<u>3,199,765</u>	<u>31,631,707</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>							
Liabilities:							
Accounts payable	614,883	46,426	-	-	74,569	-	735,878
Accrued liabilities	128,625	-	449	-	-	-	129,074
Due to other funds	3,713,211	1,818,109	137,180	-	1,008	-	5,669,508
Due to other governments	-	-	740	-	-	-	740
Due to Employees' Retirement System	316,788	-	-	-	-	-	316,788
Due to Teachers' Retirement System	3,923,558	-	-	-	-	-	3,923,558
Compensated absences	269,987	-	-	-	-	-	269,987
Bond anticipation note	1,125,000	-	-	-	-	-	1,125,000
Unearned revenue	-	-	20,606	-	-	-	20,606
Total liabilities	<u>10,092,052</u>	<u>1,864,535</u>	<u>158,975</u>	<u>-</u>	<u>75,577</u>	<u>-</u>	<u>12,191,139</u>
Deferred inflows of resources:							
Deferred tax revenue	1,178,790	-	-	-	-	-	1,178,790
Deferred state sources	586,514	-	-	-	-	-	586,514
Total deferred inflows of resources	<u>1,765,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,765,304</u>
Fund balance:							
Nonspendable	-	-	32,542	-	-	-	32,542
Restricted	3,288,949	-	-	246,504	2,890,647	3,199,765	9,625,865
Assigned	2,930,615	-	463,360	-	-	-	3,393,975
Unassigned	4,622,882	-	-	-	-	-	4,622,882
Total fund balance	<u>10,842,446</u>	<u>-</u>	<u>495,902</u>	<u>246,504</u>	<u>2,890,647</u>	<u>3,199,765</u>	<u>17,675,264</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 22,699,802</u>	<u>1,864,535</u>	<u>654,877</u>	<u>246,504</u>	<u>2,966,224</u>	<u>3,199,765</u>	<u>31,631,707</u>

See accompanying notes to financial statements.

BEACON CITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2025

Total governmental fund balance		\$ 17,675,264
Amounts 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.		
Capital assets - historical cost	\$ 142,242,522	
Accumulated depreciation/amortization	<u>(58,253,991)</u>	83,988,531
Some deferred outflows of resources and deferred inflows of resources are not reported in the funds. These consist of the following:		
Deferred outflows of resources:		
Deferred charges on bond refundings	52,504	
Pensions	14,176,394	
Other postemployment benefits	18,066,338	
Deferred inflows of resources:		
Pensions	(6,620,575)	
Other postemployment benefits	<u>(58,650,020)</u>	(32,975,359)
Unavailable revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds.		1,765,304
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds:		
Accrued interest	(182,021)	
Bonds payable, including unamortized premiums	(36,072,290)	
Energy performance contract	(1,587,209)	
Lease liabilities	(400,565)	
Compensated absences	(3,389,266)	
Net pension liability - proportionate share - ERS	(3,931,986)	
Net pension asset - proportionate share - TRS	5,176,518	
Total OPEB liability	<u>(149,884,531)</u>	<u>(190,271,350)</u>
Total net position (deficit)		<u>\$ (119,817,610)</u>

See accompanying notes to financial statements.

BEACON CITY SCHOOL DISTRICT
Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds
Year ended June 30, 2025

	General Fund	Special Aid Fund	School Food Service Fund	Miscellaneous Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenue:							
Real property taxes	\$ 45,414,948	-	-	-	-	-	45,414,948
Real property tax items	2,643,026	-	-	-	-	-	2,643,026
Nonproperty tax items	480	-	-	-	-	-	480
Departmental income	21,820	-	-	-	-	-	21,820
Intergovernmental charges	272,089	-	-	-	-	-	272,089
Use of money and property	1,439,878	-	-	-	-	100,753	1,540,631
Sale of property and compensation for loss	28,601	-	-	-	-	-	28,601
State sources	30,380,666	1,109,924	710,726	-	-	-	32,200,716
Federal sources	398,020	2,574,715	1,140,375	-	-	-	4,113,110
School food service	-	-	185,920	-	-	-	185,920
Miscellaneous	950,834	-	8,371	196,917	-	-	1,156,122
Total revenue	<u>81,549,762</u>	<u>3,684,639</u>	<u>2,045,392</u>	<u>196,917</u>	<u>-</u>	<u>100,753</u>	<u>87,577,463</u>
Expenditures:							
General support	8,434,975	104,034	-	-	-	-	8,539,009
Instruction	46,746,580	3,608,142	-	203,402	-	-	50,558,124
Transportation	3,409,302	-	-	-	-	-	3,409,302
Community service	193,713	-	-	-	-	-	193,713
School food service	-	-	1,967,264	-	-	-	1,967,264
Employee benefits	18,920,192	102,571	-	-	-	-	19,022,763
Debt service:							
Principal	4,060,055	-	-	-	-	-	4,060,055
Interest	1,450,351	-	-	-	-	-	1,450,351
Capital outlay	-	-	-	-	11,827,034	-	11,827,034
Total expenditures	<u>83,215,168</u>	<u>3,814,747</u>	<u>1,967,264</u>	<u>203,402</u>	<u>11,827,034</u>	<u>-</u>	<u>101,027,615</u>
Excess (deficiency) of revenue over expenditures	<u>(1,665,406)</u>	<u>(130,108)</u>	<u>78,128</u>	<u>(6,485)</u>	<u>(11,827,034)</u>	<u>100,753</u>	<u>(13,450,152)</u>
Other financing sources (uses):							
Proceeds from debt issuance	-	-	-	-	20,075,000	-	20,075,000
BANs redeemed from appropriations	-	-	-	-	925,000	-	925,000
Premium from debt issuance	5,873	-	-	-	-	683,376	689,249
Transfers in	465,000	130,108	-	-	-	-	595,108
Transfers out	(130,108)	-	-	-	-	(465,000)	(595,108)
Total other financing sources (uses)	<u>340,765</u>	<u>130,108</u>	<u>-</u>	<u>-</u>	<u>21,000,000</u>	<u>218,376</u>	<u>21,689,249</u>
Net change in fund balance	<u>(1,324,641)</u>	<u>-</u>	<u>78,128</u>	<u>(6,485)</u>	<u>9,172,966</u>	<u>319,129</u>	<u>8,239,097</u>
Fund balance at beginning of year, as previously stated	11,768,437	362,621	417,774	136,558	(8,394,134)	2,880,636	7,171,892
Prior period adjustments (note 15)	398,650	(362,621)	-	116,431	2,111,815	-	2,264,275
Fund balance (deficit) at beginning of year, as restated	<u>12,167,087</u>	<u>-</u>	<u>417,774</u>	<u>252,989</u>	<u>(6,282,319)</u>	<u>2,880,636</u>	<u>9,436,167</u>
Fund balance at end of year	<u>\$ 10,842,446</u>	<u>-</u>	<u>495,902</u>	<u>246,504</u>	<u>2,890,647</u>	<u>3,199,765</u>	<u>17,675,264</u>

See accompanying notes to financial statements.

BEACON CITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenue, Expenditures and Changes in
in Fund Balance - Governmental Funds to the Statement of Activities
Year ended June 30, 2025

Net change in fund balance		\$ 8,239,097
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.		
Capital outlay expenditures	\$ 12,379,322	
Depreciation/amortization expense	<u>(3,145,952)</u>	9,233,370
Unavailable revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds.		
		284,395
Debt proceeds provide current financial resources in the governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Proceeds from debt issuance	(20,075,000)	
Premium from debt issuance	(683,376)	
Principal paid on bonds payable	2,715,000	
Principal paid on energy performance contract	265,380	
Principal paid on lease liabilities	154,675	
Accrued interest	57,600	
Amortization of deferred charges on bond refundings	(68,018)	
Amortization of premiums	<u>189,131</u>	(17,444,608)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences	(23,613)	
Net pension liability - proportionate share - ERS	(713,386)	
Net pension asset - proportionate share - TRS	7,131,754	
Total OPEB liability	11,937,312	
Deferred outflows of resources:		
Pensions	(1,921,644)	
Other postemployment benefits	(6,713,975)	
Deferred inflows of resources:		
Pensions	(3,680,058)	
Other postemployment benefits	<u>(5,948,494)</u>	<u>67,896</u>
Change in net position of governmental activities		<u>\$ 380,150</u>

See accompanying notes to financial statements.

BEACON CITY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position - Fiduciary Fund
Year ended June 30, 2025

	Private Purpose Trust <u>Fund</u>	Custodial <u>Fund</u>
Additions - taxes collected for other governments	\$ -	1,427,106
Deductions - taxes remitted to other governments	<u>-</u>	<u>1,427,106</u>
Change in fiduciary net position	<u>-</u>	<u>-</u>
Fiduciary net position at beginning of year, as previously stated	116,431	-
Prior period adjustment (note 15)	<u>(116,431)</u>	<u>-</u>
Fiduciary net position at beginning of year, as restated	<u>-</u>	<u>-</u>
Fiduciary net position at end of year	<u><u>\$ -</u></u>	<u><u>-</u></u>

See accompanying notes to financial statements.

BEACON CITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2025

(1) Summary of Significant Accounting Policies

The Beacon City School District (the District), as presently constituted, was established in 2002 and operates in accordance with the provisions of the Education Law of the State of New York (the State). The Board of Education is the legislative body responsible for overall operation of the District and is elected by the voters of the District. The Superintendent serves as the chief executive officer. The District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

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

(a) Financial Reporting Entity

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

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

The District participates in the Dutchess Board of Cooperative Educational Services (BOCES), a jointly governed entity. BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs, which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating district's governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component districts' share of administrative and capital costs is determined by resident public school enrollment as defined by Education Law. Copies of BOCES' financial statements can be requested from Dutchess BOCES, 5 BOCES Road, Poughkeepsie, New York 12601.

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) District-Wide Financial Statements

The District-Wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the District as a whole. The effect of interfund activity has been removed from these statements, except for interfund services provided and used.

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

While separate District-Wide and fund financial statements are presented, they are interrelated. Separate financial statements are provided for governmental and fiduciary funds, even though the latter is excluded from the District-Wide financial statements.

(c) Fund Financial Statements

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenue and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The District maintains the minimum number of funds consistent with legal and managerial requirements. The District's resources are reflected in the fund financial statements in two broad fund categories, in accordance with GAAP as follows:

Fund Categories

(1) Governmental Funds - Governmental Funds are those through which most government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds, each displayed in a separate column.

The District reports that following major governmental funds.

General Fund - The General Fund constitutes the primary fund of the District and is used to account for and report all financial resources not accounted for and reported in another fund.

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Fund Financial Statements, Continued

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Special Aid Fund - The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal, State or local funds.

School Food Service Fund - The School Food Service Fund is used to record the operations of the breakfast and lunch programs of the District.

Miscellaneous Special Revenue Fund - The Miscellaneous Special Revenue Fund is used to account for assets held by the District in accordance with grantor or contributor stipulations for scholarships and the extraclassroom activity funds.

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

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

(2) Fiduciary Fund - The Fiduciary Fund is used to account for assets held by the District on behalf of others. The Custodial Fund is used to account for taxes collected and remitted to the Howland Public Library.

(d) Measurement Focus and Basis of Accounting

The District-Wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are Fiduciary Funds. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considered all revenue to be available if the revenue is collected within 90 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related governmental fund liability is incurred, except for principal and interest on general long-term debt, claims and judgements, compensated absences, pensions and other postemployment benefits, which are recognized as expenditures in governmental funds, generally when payment is due. Proceeds from general long-term debt are reported as other financing sources.

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(e) Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1st and become a lien at that time. Taxes are collected during the approximate period of September 1st through November 1st.

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

(f) Cash and Equivalents, Investments and Risk Disclosures

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

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

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by FDIC. The District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

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

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Cash and Equivalents, Investments and Risk Disclosures, Continued
Risk Disclosures

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

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB Statement No. 40 - Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the District's name. The District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk as of June 30, 2025.

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

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

(g) Other Receivables

Other receivables include amounts due from other governments and individuals for services provided by the District. Receivables are recorded and revenue is recognized when earned or as specific program expenditures are incurred. An allowance for uncollectible accounts is established for certain amounts that management deems may not be collectible. There was no allowance for doubtful accounts as of June 30, 2025.

(h) Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, net pension liabilities and related deferred outflows and inflows of resources, compensated absences, other postemployment benefits, potential contingent liabilities and useful lives of long-lived assets.

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(i) Inventory and Prepaid Items

Inventory of food in the School Food Service Fund is recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

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

Nonspendable fund balance for those non-liquid assets (inventory and prepaid items) has been recognized to signify that a portion of the fund balance is not available for other subsequent expenditure.

(j) Capital Assets

Capital assets are tangible and intangible assets, which include property, buildings and equipment, and are reported in the governmental activities column in the District-Wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. For assets acquired prior to June 30 2002, historical costs are based on appraisals conducted by independent third-party professionals. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of donation. Intangible assets follow the same capitalization policies as tangible assets and are reported with tangible assets in the appropriate capital asset class.

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

Land and construction-in-progress are not depreciated. The other tangible and intangible property, plant and equipment and right-to-use leased assets of the District are depreciated using the straight -line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Land improvements	50
Buildings and improvements	50
Furniture, equipment and vehicles	5 - 20
Right-to-use leased equipment	5

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Capital Assets, Continued

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

(k) Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. In the District-Wide financial statements, unearned revenue consists of revenue received in advance and/or grants received before the eligibility requirements have been met.

Unearned revenue in the fund financial statements is that where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The District has reported unearned revenue of \$20,606 in the school food service fund. Such amounts have been deemed to be measurable but not earned pursuant to GAAP.

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

Deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditures) until then. The government has four items that qualify for reporting in this category. The first item is related to the deferred charges on refunding of bonds. The second item is related to pensions reported in the District-Wide statement of net position. This represents the effect of the net change in the District's proportion of the collective net pension systems (ERS and TRS Systems) and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third is the District contributions to the pension systems subsequent to the measurement dates. The fourth item is changes in assumptions related to other postemployment benefits.

Deferred inflows of resources represents an acquisition of net position/fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualifies for reporting in this category. The first item is related to pensions reported in the District-Wide statement of net position and represents the effect of the net change in the District's proportion of the collective net position systems (TRS and ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is changes in assumptions related to other postemployment benefits. The third item arises under a modified accrual basis of accounting as is reported as unavailable revenue for taxes and state aid where collection of revenue will not occur in the period of availability.

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(m) Short-Term Debt

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

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

(n) Long-Term Liabilities

In the District-Wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

(o) Leases

The District is a lessee for non-cancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the District-Wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$500 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(o) Leases, Continued

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability is comprised of fixed payments and purchase option prices that the District is reasonably certain to exercise. The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

(p) Compensated Absences

The various collective bargaining agreements provide for the payment of accumulated sick leave, vacation and personal time based on usage and specific eligibility requirements upon separation from service. The liability for such accumulated leave is reflected in the District-Wide statement of net position as a long-term liability. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

(q) Net Pension Systems and Other Deferred Compensation

The District participates in the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). 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. Additionally, District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

(r) Other Postemployment Benefit Liability (OPEB)

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

(s) Equity Classifications

(1) District-Wide Statements

In the District-Wide financial statements there are three classes of net position:

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

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(s) Equity Classifications, Continued

(1) District-Wide Statements, Continued

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

Unrestricted - the balance of net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

(2) Governmental Fund Statements

In the governmental fund statements there are five classifications of fund balance:

Nonspendable - includes amounts that cannot be spent because they are either not in spendable form; legally or contractually required to be maintained intact.

Restricted - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Reserve for Insurance - is used to pay liability, casualty and other types of uninsured losses except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, mortgage guarantee, in accordance with GML §6-r of the State. This reserve is accounted for in the General Fund.

Reserve for ERS Retirement Contributions - is used to reserve funds to be used for ERS retirement costs in accordance with GML §6-r of the State. This reserve is accounted for in the General Fund.

Reserve for TRS Retirement Contributions - is used to reserve funds to be used for TRS retirement costs in accordance with GML §6-r of the State. This reserve is accounted for in the General Fund.

Reserve for Tax Certiorari - is used to reserve funds to be used for anticipated judgment, and claims arising out of tax certiorari proceedings in accordance with EL §3651.1-a of the State. This reserve is accounted for in the General Fund.

Reserve for Employee Benefit Accrued Liability - is used to reserve funds for the payment of accrued employee benefits due to an employee upon termination of the employee's service in accordance with GML §6-p of the State. This reserve is accounted for in the General Fund.

Reserve for Capital Projects - is used to reserve funds, restricted in accordance with the EL §3651 of the State to pay for costs of construction, reconstruction, renovation, expansion and equipping of District buildings and facilities through payments received by the District from the Fair Share Mitigation fund and/or any other legally available funds of the District. This reserve is accounted for in the General Fund and Capital Projects Fund.

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(s) Equity Classifications, Continued

(2) Governmental Fund Statements, Continued

Reserve for Debt Service - is used to cover debt service payments on outstanding obligations after the sale of district capital assets or improvements. Expenditures are for debt service only or for the purpose of retiring outstanding obligations. This reserve is accounted for in the Debt Service Fund.

Reserve for Scholarships - is used to reserve funds for various scholarship awards. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

Reserve for Extraclassroom - is used to reserve funds for extraclassroom activity funds. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

Restricted balance includes the following:

General Fund:

Insurance reserve	\$ 213,000
Retirement contributions reserves	1,445,217
Tax certiorari	27,392
Employee benefit accrued liability reserve	1,103,340
Capital reserve	500,000
Debt Service Fund - debt service reserve	3,199,765
Miscellaneous Special Revenue Fund:	
Scholarships	115,286
Extraclassroom activities	131,218
Capital Projects Fund - capital projects reserve	<u>2,890,647</u>
Total restricted funds	\$ <u>9,625,865</u>

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Districts highest level of decision making authority, i.e., the Board of Education (Board). The District has no committed fund balance as of June 30, 2025.

Assigned - Includes amounts that can only be used by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as assigned fund balance. Encumbrances reported in the General Fund amounted to \$430,615. Additionally, \$2,500,000 has been appropriated for the 2025-2026 budget.

Unassigned - Includes all other General Fund fund balance that does not meet the definition of the above four classifications and are deemed to be available for general use by the District.

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(s) Equity Classifications, Continued

(2) Governmental Fund Statements, Continued

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

Order of Use of Fund Balance

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as assigned fund balance to the extent available. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

(t) Encumbrances

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

(u) Subsequent Events

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

(v) Recent Accounting Standards Adopted

For the year ended June 30, 2025, the District adopted the provisions of GASB Statement No. 101 - Compensated Absences. This statement requires that liabilities from compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid or settled through noncash means. This standards was effective for reporting periods beginning on or after December 15, 2023.

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(2) Explanation of Certain Differences Between Governmental Fund Statements and District-Wide Statements

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

(a) Total Fund Balance of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the statement of net position. This difference primarily results from the additional long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds' balance sheet.

(b) Statement of Revenue, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the funds statement of revenue, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories.

(i) Long-term revenue and expense differences

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

(ii) Capital related differences

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

(iii) Long-term debt transaction differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(3) Stewardship, Compliance and Accountability

(a) Budgetary Data

The District generally follows the procedures enumerated below in establishing the budgetary data reflected in the governmental fund statements:

- (1) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- (2) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- (3) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- (4) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- (5) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.
- (6) Formal budgetary integration is employed during the year as a management control device for the General Fund.
- (7) The budget for the General Fund is legally adopted annually on a basis consistent with GAAP. The Capital Projects Fund is budgeted on a project basis. An annual budget is not adopted for the Special Aid, School Food Service, Miscellaneous Special Revenue Funds or Debt Service Fund since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.
- (8) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(3) Stewardship, Compliance and Accountability, Continued

(a) Budgetary Data, Continued

(9) Appropriations in the General Fund lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the New York State Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the Board of Education.

(b) Property Tax Limitation

Chapter 97 of the Laws of 2011, as amended (Tax Levy Limitation Law), modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. Prior to its enactment, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, a district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of 4% of the prior year's budget or 120% of the consumer price index (CPI).

Under the Tax Levy Limitation Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI subject to certain exclusions. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. Districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Tax Levy Limitation Law permits certain significant exclusions to the tax levy limit for districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Tax Levy Limitation Law. However, such exclusion does not apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

(c) Expenditures in Excess of Budget

Certain individual budgetary line items exceeded their budgetary authorization in the General Fund.

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(4) Cash and Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these notes.

The District's aggregate bank balances as of June 30, 2025, are collateralized as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
Governmental activities	\$ <u>19,707,350</u>	<u>21,168,113</u>
Insured by FDIC		\$ 12,669,347
Insured by collateral		<u>8,498,766</u>
Total cash and equivalents		\$ <u>21,168,113</u>

Restricted cash represents cash and equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and equivalents as of June 30, 2025 includes \$6,018,760 within the governmental funds.

(5) Taxes Receivable

Taxes receivable as of June 30, 2025 consisted of the following:

Current year	\$ 1,176,969	
Prior years		<u>290,647</u>
		\$ <u>1,467,616</u>

Taxes receivable in the fund financial statements are partially offset by deferred tax revenue of \$1,178,790, which represents the taxes receivable which were not collected within the first 60 days of the subsequent year.

(6) Receivables

Receivables as of June 30, 2025, are summarized as follows:

<u>Description</u>	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>School Food Service Fund</u>	<u>Total</u>
Due from State and Federal	\$ 2,735,504	1,332,835	147,835	4,216,174
Due from other governments	164,099	-	-	164,099
Other	<u>373,855</u>	<u>-</u>	<u>563</u>	<u>374,418</u>
Total	\$ <u>3,273,458</u>	<u>1,332,835</u>	<u>148,398</u>	<u>4,754,691</u>

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(6) Receivables, Continued

The District has deemed all receivables to be collectible. Additionally, state aid receivables in the fund financial statements are partially offset by deferred state sources of \$586,514 which represents state aid receivables that are not expected to be collected in the period of availability in the subsequent year.

(7) Capital Assets

Capital assets balances and activity as of and for the year ended June 30, 2025 are as follows:

	Balance <u>July 1, 2024*</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2025</u>
Capital assets, not being depreciated/ amortized:				
Land	\$ 3,852,640	-	-	3,852,640
Construction-in-progress	<u>2,088,568</u>	<u>11,827,034</u>	<u>-</u>	<u>13,915,602</u>
Total capital assets, not being depreciated/amortized	<u>5,941,208</u>	<u>11,827,034</u>	<u>-</u>	<u>17,768,242</u>
Capital assets, being depreciated/amortized:				
Land improvements	628,262	-	-	628,262
Buildings and improvements	110,953,085	29,865	-	110,982,950
Furniture and equipment	3,878,534	175,999	(7,425)	4,047,108
Vehicles	5,419,094	-	-	5,419,094
Right-to-use assets - equipment	<u>3,541,715</u>	<u>346,424</u>	<u>(491,273)</u>	<u>3,396,866</u>
Total capital assets, being depreciated/amortized	<u>124,420,690</u>	<u>552,288</u>	<u>(498,698)</u>	<u>124,474,280</u>
Less accumulated depreciation/amortization for:				
Land improvements	(627,227)	(1,035)	-	(628,262)
Buildings and improvements	(45,604,940)	(2,250,789)	-	(47,855,729)
Furniture and equipment	(3,527,152)	(106,463)	7,425	(3,626,190)
Vehicles	(3,987,349)	(340,257)	-	(4,327,606)
Right-to-use assets - equipment	<u>(1,860,069)</u>	<u>(447,408)</u>	<u>491,273</u>	<u>(1,816,204)</u>
Total accumulated depreciation/ amortization, net	<u>(55,606,737)</u>	<u>(3,145,952)</u>	<u>498,698</u>	<u>(58,253,991)</u>
Capital assets, net	<u>\$ 74,755,161</u>	<u>9,233,370</u>	<u>-</u>	<u>83,988,531</u>

* Restated for correction of error as described in note 15.

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(7) Capital Assets, Continued

Depreciation/amortization expense was charged to District functions and programs as follows:

General support	\$ 160,329
Instruction	2,571,973
Transportation	404,342
School food service	<u>9,308</u>
Total depreciation/amortization expense	\$ <u>3,145,952</u>

(8) Short-Term Debt

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

<u>Type</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2025</u>
BAN	6/14/24	06/13/25	5.00%	\$ 410,000	-	(410,000)	-
BAN	6/21/24	06/20/25	4.00%	19,250,000	-	(19,250,000)	-
BAN	6/21/24	06/20/25	4.00%	524,757	-	(524,757)	-
BAN	6/12/25	6/11/26	4.00%	-	1,125,000	-	1,125,000
Total Short-Term Debt				\$ <u>20,184,757</u>	<u>1,125,000</u>	<u>(20,184,757)</u>	<u>1,125,000</u>

Interest on short-term debt for the year ended June 30, 2025 amounted to \$809,240.

(9) Long-Term Liabilities

The following table summarizes changes in the District's long-term liabilities for the year ended June 30, 2025:

	<u>Balance 7/1/2024*</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2025</u>	<u>Due Within One-Year</u>
Bonds payable:	\$ 17,230,000	20,075,000	(2,715,000)	34,590,000	3,850,000
Plus - unamortized premium on bonds	<u>988,045</u>	<u>683,376</u>	<u>(189,131)</u>	<u>1,482,290</u>	<u>234,689</u>
	<u>18,218,045</u>	<u>20,758,376</u>	<u>(2,904,131)</u>	<u>36,072,290</u>	<u>4,084,689</u>
Energy performance contracts	<u>1,852,589</u>	-	<u>(265,380)</u>	<u>1,587,209</u>	<u>272,247</u>
Other non-current liabilities:					
Leases liabilities	555,240	-	(154,675)	400,565	161,412
Compensated absences	3,620,068	39,185	-	3,659,253	269,987
Net pension liability - ERS	3,218,600	713,386	-	3,931,986	-
Net pension (asset) liability - TRS	1,955,236	-	(7,131,754)	(5,176,518)	-
Total OPEB liability	<u>161,821,843</u>	-	<u>(11,937,312)</u>	<u>149,884,531</u>	-
Total other non-current liabilities	<u>171,170,987</u>	<u>752,571</u>	<u>(19,223,741)</u>	<u>152,699,817</u>	<u>431,399</u>
Total long-term liabilities	<u>\$ 191,241,621</u>	<u>21,510,947</u>	<u>(22,393,252)</u>	<u>190,359,316</u>	<u>4,788,335</u>

*Restated for change in accounting principle as described in note 15.

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(9) Long-Term Liabilities, Continued

<u>Description</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Balance June 30, 2025</u>
Serial bonds - 2016	\$ 2,165,000	4/20/16	6/15/27	1.77%	160,000
Serial bonds - 2020	7,552,998	6/17/20	6/15/35	2.00%	4,875,000
Serial bonds - 2021 (refunded)	3,145,000	12/16/20	6/15/27	0.75%	515,000
Serial bonds - 2021	1,643,160	6/16/21	6/15/37	2.00%	1,280,000
Serial bonds - 2022	2,040,000	3/25/22	6/15/29	1.84%	1,215,000
Serial bonds - refunded	8,640,000	10/4/22	7/15/29	5.00%	6,470,000
Serial bonds - 2025	20,075,000	6/18/25	6/15/40	4.00%	<u>20,075,000</u>
					<u>\$ 34,590,000</u>

Interest on bonds payable was composed of:

Interest expenditures	\$ 574,694
Less prior year accrued interest	(225,968)
Plus current year accrued interest	170,409
Less amortization of bond premiums	(189,131)
Plus amortization of deferred charges on bond refundings	<u>68,018</u>
Total interest expense	\$ <u>398,022</u>

Remedies Upon Default

In the event of a default in the payment of the principal of and/or interest on the Bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withhold to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Bonds. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes issued by the school districts in the State for school purposes provides that it will not repeal, revoke or rescind the provisions of Section 99-b, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

Energy Performance Contract Debt Payable

The District entered into a \$3,915,571 contractual agreement to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The terms of the contract provide for repayment over 16 years, commencing October 17, 2014, with semi-annual installments of principal and interest, through September 15, 2030. Payments include interest at 2.57%. The contract further provides that the savings in energy costs resulting from this modernization will equal or exceed the payment terms. The balance due as of June 30, 2025 was \$1,587,209.

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(9) Long-Term Liabilities, Continued

Interest on energy performance contracts was composed of:

Interest expenditures	\$ 45,932
Less prior year accrued interest	(13,653)
Plus current year accrued interest	<u>11,612</u>
Total interest expense	\$ <u>43,891</u>

Lease Liabilities

Lease liabilities as of June 30, 2025 are comprised of the following individual agreements:

<u>Description</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Balance June 30, 2025</u>
NYCOM #1	\$ 202,167	3/1/22	3/1/28	3.00%	94,117
NYCOM #2	127,361	12/1/23	12/1/28	4.10%	89,214
BOCES copiers	400,000	8/4/23	8/4/27	4.75%	<u>217,234</u>
					<u>\$ 400,565</u>

Interest expenditures/expense of \$20,485 were recorded in the governmental fund financial statements in the General Fund and in the District-Wide financial statements.

Payments to Maturity

The annual requirements to amortize all outstanding bonds payable, energy performance contracts and lease liabilities as of June 30, 2025, including interest are as follows:

Year Ending <u>June 30,</u>	<u>Bonds Payable</u>		<u>Energy Performance Contracts</u>		<u>Lease Liabilities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 3,850,000	1,288,301	272,247	39,068	161,412	13,747
2027	3,440,000	1,317,476	279,292	32,024	168,454	6,705
2028	3,445,000	1,000,950	286,518	24,797	60,914	1,410
2029	3,585,000	894,900	293,932	17,384	9,785	121
2030	3,470,000	712,025	301,538	9,778	-	-
2031 - 2035	9,600,000	2,405,700	153,682	1,976	-	-
2036 - 2037	<u>7,200,000</u>	<u>824,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 34,590,000</u>	<u>8,443,452</u>	<u>1,587,209</u>	<u>125,027</u>	<u>400,565</u>	<u>21,983</u>

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(10) Pensions

(a) Plan Descriptions and Benefits Provided

Employees' Retirement System (ERS)

The District participates in ERS. This is a cost-sharing multiple-employer retirement system. ERS provides the retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in ERS, the election is irrevocable. The New York Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. ERS is included in the State's financial report as a pension trust fund. This report, including information with regard to benefits provided, may be found at www.osc.ny.gov/retirement/resources/financial-statements-and-supplementary-information.

Teachers' Retirement System (TRS)

The District participates in TRS. This is a cost-sharing multiple-employer retirement system. TRS provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS is governed by a 10 member Board of Trustees. Benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members but only by enactment of a State statute. Additional information regarding TRS may be obtained by referring to the NYSTRS Annual Comprehensive Financial report which can be found on TRS's website at www.nytrs.org.

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3% to 5% of their salary for their entire length of service. In addition, employee contribution rates under ERS and TRS tier 6 (those who joined after April 1, 2012) vary based on a sliding salary scale.

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(10) Pensions, Continued

(a) Plan Descriptions and Benefits Provided, Continued

For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

(b) Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2025 the District reported the following asset/liability for its proportionate share of ERS and TRS. The net pension asset/liability were measured as of March 31, 2025 for ERS and June 30, 2024 for TRS. The total pension liabilities used to calculate the net pension asset/liability were determined by actuarial valuations. The District's proportion of the net pension asset/liability were based on a projection of the District's long-term share of contributions to ERS and TRS relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	3/31/2025	6/30/2024
Actuarial valuation date	April 1, 2024	June 30, 2023
Net pension asset (liability)	\$ (3,931,986)	5,176,518
District's proportion of the System's net pension asset/liability	0.0229328%	0.173499%
Changes in proportion since the prior measurement date	0.0010733	0.0025250

For the year ended June 30, 2025, the District's recognized pension expense of \$962,053 for ERS and \$2,726,219 for TRS. As of June 30, 2025 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 975,946	5,574,159	46,036	-
Changes of assumptions	164,900	3,096,607	-	520,878
Net difference between projected and actual earnings on pension plan investments	308,493	-	-	5,751,553
Changes in proportion and differences between the District's contributions and proportionate share of contributions	301,045	75,294	11,136	290,972
District's contributions subsequent to the measurement date	<u>316,788</u>	<u>3,363,162</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,067,172</u>	<u>12,109,222</u>	<u>57,172</u>	<u>6,563,403</u>

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(10) Pensions, Continued

(b) Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending</u>	<u>ERS</u>	<u>TRS</u>
2026	\$ 776,114	(2,750,939)
2027	1,092,271	6,303,357
2028	(251,282)	(1,063,725)
2029	76,109	(1,193,408)
2030	-	638,030
Thereafter	<u>-</u>	<u>249,342</u>
	\$ <u>1,693,212</u>	<u>2,182,657</u>

(c) Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Actuarial valuation date	April 1, 2024	June 30, 2023
Investment rate of return (net of investment expense, including inflation)	5.90%	6.95%
Cost-of-living adjustment	1.50%	1.30%
Salary increases	4.30%	1.95% - 5.18%
Inflation rate	2.90%	2.40%

For ERS, demographic assumptions used in the April 1, 2024 actuarial valuation are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 - March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries Scale MP-2021. For TRS, annuitant and active mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis. The demographic actuarial assumptions and the salary scale are based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. TRS runs one-year and five-year experience studies annually in order to gauge the appropriateness of the assumptions.

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(10) Pensions, Continued

(c) Actuarial Assumptions, Continued

For the ERS, the long-term expected rate of return is based on a building block method using best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) combined by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For TRS, the long-term rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selections of Economic Assumptions for Measuring Pension Obligations and generally accepted accounting principles. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class, as well as historical investment data and plan performance.

The long-term expected real rates of return are presented by asset allocation classification. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the valuation date are summarized as follows:

<u>Asset class</u>	<u>ERS</u>		<u>TRS</u>	
	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	25%	3.54%	33%	6.60%
International equity	14%	6.57%	15%	7.40%
Real estate equity	-	-	11%	6.30%
Global equity	-	-	4%	6.90%
Domestic fixed income	-	-	16%	2.60%
Global bonds	-	-	2%	2.50%
High-yield bonds	-	-	1%	4.80%
Real estate debt	-	-	6%	3.90%
Real estate	12%	4.95%	-	-
Private equity	15%	7.25%	9%	10.00%
Private debt	-	-	2%	5.90%
Real assets	4%	5.55%	-	-
Fixed income	22%	2.00%	-	-
Opportunistic/ARS portfolio	3%	5.25%	-	-
Credit	4%	5.40%	-	-
Cash and equivalents	<u>1%</u>	0.25%	<u>1%</u>	0.50%
	<u>100%</u>		<u>100%</u>	

*For ERS, the real rates of return are net of a long-term inflation assumption of 2.90%. For TRS, the real rates of return are net of pension plan investment expenses and long-term inflation expectations.

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(10) Pensions, Continued

(d) Discount Rate

The discount rate used to calculate the total pension liability was 5.90% for ERS and 6.95% for TRS. 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. Based upon the assumptions, the Systems' 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 of the Proportionate Share of the Net Pension Asset/Liability to the Discount Rate Assumption

The following presents the District's proportionate share of each net pension asset/liability calculated using the current discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of each net pension asset/liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.90% for ERS and 5.95% for TRS) or 1-percentage point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

	ERS		
	1%	Current	1%
	Decrease (4.90%)	Rate (5.90%)	Increase (6.90%)
District's proportionate share of the net pension asset (liability)	\$ (11,379,664)	(3,931,986)	<u>2,286,829</u>
	TRS		
	1%	Current	1%
	Decrease (5.95%)	Rate (6.95%)	Increase (7.95%)
District's proportionate share of the net pension asset (liability)	\$ (23,910,636)	<u>5,176,518</u>	<u>29,639,596</u>

(f) Pension Plan Fiduciary Net Position

The components of the collective net pension asset/liability of participating employers as of the respective measurement dates, were as follows:

	(Dollars in Millions)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Employers' total pension liability	\$ (247,600)	(142,838)
Plan net position	<u>230,454</u>	<u>145,821</u>
Employers' net pension (asset) liability	\$ (17,146)	<u>2,983</u>
Ratio of plan net position to the employers' total pension liability	93.08%	102.10%

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(10) Pensions, Continued

(g) Contributions to the Pension Plans

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2025 represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to \$316,788. This amount has been recorded as an expenditure in the governmental fund statements and a deferred cost in the District-Wide financial statements. Retirement contributions paid to ERS for the year ended June 30, 2025 amounted to \$1,183,328.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025 are paid to the System in September, October and November 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 based on paid TRS wages multiplied by the employer’s contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2025 amounted to \$3,923,558 including employees’ share. The amount has been recorded as a liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to TRS for the year ended June 30, 2025 amounted to \$3,363,162.

(11) Other Postemployment Benefit Liability (OPEB)

(a) Plan Description

In addition to providing pension benefits, the District provides certain health care benefits for retired employees and their spouses and their dependent children through a single employer defined benefit OPEB plan administered by the District based on employment contracts.

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

(b) Employees Covered by Benefit Terms

At July 1, 2023, the valuation date, the following employees were covered by the benefit terms:

Retired employees	228
Active employees	<u>323</u>
	<u>551</u>

(c) Total OPEB Liability

The District’s total OPEB liability of \$149,884,531 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2023.

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(11) Other Postemployment Benefit Liability (OPEB), Continued

(d) Actuarial Assumptions and Other Inputs

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

Discount rate	4.76% - based on the average of the S&P Municipal Bond 10-Year High Grade Rate Index and the Fidelity GO AA 20-Year.
Healthcare cost trend rates	7.00% for 2025, decreasing to an ultimate rate of 0.25% for 2035 and later years.

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount Weighted Mortality Tables based on Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2021.

(e) Changes in the Total OPEB Liability

The District's change in the total OPEB liability for the year ended June 30, 2025 is as follows:

Total OPEB liability - beginning of year	\$ 161,821,843
Service cost	3,391,626
Interest	7,584,585
Changes in assumptions	(17,950,178)
Benefit payments	<u>(4,963,645)</u>
Total OPEB liability - end of year	\$ <u>149,884,531</u>

(f) Sensitivity of the Total OPEB liability to Changes in the Discount Rate

The following presents the District's total OPEB liability calculated using the current discount rate (4.76%), as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.76%) or 1-percentage point higher (5.76%) than the current discount rate:

	1% Decrease (3.76%)	Current Rate (4.76%)	1% Increase (5.76%)
Total OPEB liability	\$ <u>177,442,067</u>	<u>149,884,531</u>	<u>128,358,332</u>

(g) Sensitivity of the Total OPEB liability to Changes in the Healthcare Cost Trend Rates

The following presents the District's total OPEB liability calculated using current healthcare cost trend rates, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB liability	\$ <u>124,563,349</u>	<u>149,884,531</u>	<u>183,306,008</u>

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(11) Other Postemployment Benefit Liability (OPEB), Continued

(g) Sensitivity of the Total OPEB liability to Changes in the Healthcare Cost Trend Rates, Continued

For the year ended June 30, 2025, the District recognized OPEB expense of \$5,688,802 in the District-Wide financial statements. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ <u>18,066,338</u>	<u>58,650,020</u>

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

<u>Year ending June 30,</u>	
2026	\$ (5,287,709)
2027	(5,287,709)
2028	(8,431,205)
2029	(11,199,169)
2030	(7,013,141)
Thereafter	<u>(3,364,749)</u>
	\$ <u>(40,583,682)</u>

(12) Interfund Transactions

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 1,956,296	3,713,211	465,000	130,108
Special aid fund	-	1,818,109	130,108	-
School food service fund	30,530	137,180	-	-
Miscellaneous special revenue fund	9,170	-	-	-
Capital projects	2,965,876	1,008	-	-
Debt service fund	<u>707,636</u>	<u>-</u>	<u>-</u>	<u>465,000</u>
Total governmental funds	\$ <u>5,669,508</u>	<u>5,669,508</u>	<u>595,108</u>	<u>595,108</u>

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(12) Interfund Transactions, Continued

Interfund receivables and payables are eliminated on the statement of net position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year. Interfund payable and receivables are primarily comprised of amounts related to on-going and completed capital projects expenditures that were originally budgeted out of the General Fund, but paid for from existing capital projects fund and debt service fund funds, and amounts owed between the General Fund and Special Aid Fund for the District's local share of certain state funded programs.

The District typically transfers from the General Fund to the Special Aid Fund to fund the portion of the Summer Handicapped Program not funded by aid from New York State. Transfers between the General Fund and the Debt Service Fund are related to current year debt service payments.

(13) Future Implementations of GASB Pronouncements

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

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.

(14) Commitments and Contingencies

(a) State and Federal Funds

The District has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the District's administration believes disallowances, if any, will be immaterial.

(b) Tax Certiorari Claims

The District is subject to numerous tax certiorari claims that are currently being litigated with the support of legal counsel. Such proceedings are not uncommon to school districts.

(c) Litigation

The District is involved in various claims and lawsuits arising from the normal course of business. Management believes that any financial responsibility that may be incurred in settlement of such claims and lawsuits would not be material to the District's financial statements.

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(14) Commitments and Contingencies, Continued

(d) Pool, Non-Risk Retained

The District and other districts have formed a reciprocal insurance company to be owned by these districts. This District operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, auto liability, all risk building and contents and auto physical damage coverage. In addition, as part of the reciprocal program, excess insurance, school board legal liability, equipment floaters, boilers and machinery and crime and bond coverages will be purchased from commercial carriers and be available to the subscriber districts. The Company retains a management company which is responsible for the overall supervision and management of the reciprocal. The reciprocal is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the board and each subscriber has a single vote. The Company is an assessable insurance company in that the subscribers are severally liable for a financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department in the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution.

The District purchases various insurance coverages from the Company to reduce its exposure to loss. The District maintains a general liability insurance policy with coverage up to \$1 million and an excess catastrophe liability policy with coverage up to \$10 million. The District maintains liability coverage for school board members up to \$1 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past four years.

The District participates in Dutchess Education Health Insurance Consortium, a public entity risk pool, to benefit individual governmental units within the County. The school district pays an annual premium to the Plan for this coverage. The Plan is considered a self-sustaining risk pool that will provide coverage for its members and the School District has essentially transferred all related risk to the Plan.

(e) Concentrations - Workforce Covered by Collective Bargaining Agreements

The District's workforce has collective bargaining agreements which dictate employment terms including payroll and related expenditures as well as benefits. The following is a summary of the District's significant collective bargaining agreements:

<u>Collective bargaining units</u>	<u>Expiration date</u>
CSEA Local 1000, AFSCME, AFL/CIO Beacon City School District Unit, Dutchess County Local 867	June 30, 2026
Beacon Paraprofessionals Association, NYSUT	June 30, 2026

All collective bargaining agreements are maintained by the District and available upon request.

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(14) Commitments and Contingencies, Continued

(f) Constraints

(i) Limitations on Raising Revenue

The District's ability to raise revenue through property taxes is subject to Article VIII of the New York State Constitution and the Real Property Tax Law, including the property tax levy limit (tax cap) imposed by Chapter 97 of the Laws of 2011. The annual increase in the property tax levy cannot exceed the lesser of 2% or change in the consumer price index, unless approved by a 60% supermajority of the taxpayers.

(ii) Limitations on Spending

Expenditures must be authorized in accordance with the annual budget adopted by the District, pursuant to New York State General Municipal Law (GML) and local charter provisions. The District may not incur expenditures in excess of appropriations, except for legally authorized emergency expenditures.

(iii) Limitations on the Incurrence of Debt

The District is subject to a constitutional debt limit, which is 10% of the full value on the most recent tax roll. The debt limit may be exceeded if authorized by 60% of the voters and approved by the Board of Regents and the New York State Comptroller. All borrowings must be approved by a majority vote of the District's residents at a public referendum.

(15) Prior Period Restatements

During the year ended June 30, 2025, the District made the following restatements to the prior period financial statements:

- (a) Implementation of the provisions of GASB Statement No. 101 - Compensated Absences.
- (b) The Special Aid Fund was reporting fund balance of \$362,621 as well as unknown amounts for deferred revenue and due to other governments that dated back to 2011 for \$36,029 and were determined not to be liabilities.
- (c) Scholarships were previously reported in a Fiduciary Fund - Private Purpose Trust Fund, but should have been reported in the Miscellaneous Special Revenue Fund.
- (d) Amounts reported as deferred revenue related to the Smart Bond project did not meet the criteria to be reported as such.
- (e) Right-to-use assets - equipment and related amortization were incorrectly reported.
- (f) Bond premiums were previously overstated.

Accordingly, net position of the governmental activities, fund balance for the governmental funds and fiduciary net position have been restated as follows:

BEACON CITY SCHOOL DISTRICT
Notes to Financial Statements, Continued

(15) Prior Period Restatements, Continued

Governmental activities:	
Net position at beginning of year, as previously stated	\$ (121,773,074)
Cumulative effect for change in accounting principle - implementation of GASB Statement No. 101 - Compensated Absences	(1,827,597)
Correction of errors:	
General Fund restatement for Special Aid Fund items	\$ 398,650
Special Aid Fund - fund balance	(362,621)
Scholarships	116,431
Smart bond deferred revenue	2,111,815
Right-to-use assets - historical cost	400,000
Right-to-use assets - accumulated amortization	(93,790)
Overstated bond premiums	<u>832,426</u>
	<u>3,402,911</u>
Net position at beginning of year, as restated	\$ <u>(120,197,760)</u>
Governmental funds:	
General Fund:	
Fund balance at beginning of year, as previously stated	\$ 11,768,437
Correction of error - Special Aid Fund - cash and equivalents	<u>398,650</u>
Fund balance at beginning of year, as restated	\$ <u>12,167,087</u>
Special Aid Fund:	
Fund balance at beginning of year, as previously stated	\$ 362,621
Correction of errors:	
Cash and equivalents	\$ (398,650)
Amounts due to other governments	32,405
Deferred revenue	<u>3,624</u>
	<u>(362,621)</u>
Fund balance at beginning of year, as restated	\$ _____
Miscellaneous Special Revenue Fund:	
Fund balance at beginning of year, as previously stated	\$ 136,558
Correction of error - scholarships	<u>116,431</u>
Fund balance at beginning of year, as restated	\$ <u>252,989</u>
Capital Projects Fund:	
Fund balance at beginning of year, as previously stated	\$ (8,394,134)
Correction of error - smart bond deferred revenue	<u>2,111,815</u>
Fund balance at beginning of year, as restated	\$ <u>(6,282,319)</u>
Fiduciary activities:	
Fiduciary net position at beginning of year, as previously stated	\$ 116,431
Correction of error - scholarships	<u>(116,431)</u>
Fiduciary net position at beginning of year, as restated	\$ _____

REQUIRED SUPPLEMENTARY INFORMATION

BEACON CITY SCHOOL DISTRICT
Required Supplementary Information
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget to Actual - General Fund
Year ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Final Budget Variance with Actual and Encumbrances</u>
Revenue:					
Real property taxes	\$47,675,425	47,675,425	45,414,948	-	(2,260,477)
Real property tax items	360,000	360,000	2,643,026	-	2,283,026
Nonproperty tax items	-	-	480	-	480
Departmental income	-	7,700	21,820	-	14,120
Intergovernmental charges	300,000	300,000	272,089	-	(27,911)
Use of money and property	595,000	595,000	1,439,878	-	844,878
Sale of property and compensation for loss	-	-	28,601	-	28,601
State sources	30,154,727	30,207,882	30,380,066	-	172,184
Federal sources	300,000	300,000	398,020	-	98,020
Miscellaneous	<u>1,004,848</u>	<u>1,049,278</u>	<u>950,834</u>	-	<u>(98,444)</u>
Total revenue	<u>80,390,000</u>	<u>80,495,285</u>	<u>81,549,762</u>	-	<u>1,054,477</u>
Expenditures:					
General support	8,658,987	8,713,635	8,434,975	123,732	154,928
Instruction	44,260,658	47,292,829	46,746,580	284,234	262,015
Transportation	3,717,450	3,435,292	3,409,302	10,968	15,022
Community service	151,000	207,493	193,713	11,681	2,099
Employee benefits	21,245,025	19,072,352	18,920,192	-	152,160
Debt service:					
Principal	3,685,138	4,165,137	4,060,055	-	105,082
Interest	<u>1,996,742</u>	<u>1,429,865</u>	<u>1,450,351</u>	-	<u>(20,486)</u>
Total expenditures	<u>83,715,000</u>	<u>84,316,603</u>	<u>83,215,168</u>	<u>430,615</u>	<u>670,820</u>
Excess (deficiency) of revenue over expenditures	(3,325,000)	(3,821,318)	(1,665,406)	(430,615)	1,725,297
Other financing sources (uses):					
Premium from debt issuance	-	-	5,873	-	5,873
Transfers in	3,465,000	3,465,000	465,000	-	(3,000,000)
Transfers out	<u>(140,000)</u>	<u>(139,700)</u>	<u>(130,108)</u>	-	<u>9,592</u>
Total other financing sources (uses)	<u>3,325,000</u>	<u>3,325,300</u>	<u>340,765</u>	-	<u>(2,984,535)</u>
Net change in fund balance	<u>\$ -</u>	<u>(496,018)</u>	<u>(1,324,641)</u>	<u>(430,615)</u>	<u>(1,259,238)</u>
Fund balance at beginning of year			<u>12,167,087</u>		
Fund balance at end of year			<u>\$10,842,446</u>		

BEACON CITY SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Asset/Liability
Year ended June 30, 2025

<u>ERS System</u>	<u>2025</u>	<u>2024</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>
The District's proportion of the net pension asset/liability	0.0229328%	0.0218595%	0.0204652%	0.0208552%	0.0197771%	0.0199395%	0.0192947%	0.0206456%	0.0200501%	0.0203918%
The District's proportionate share of the net pension asset (liability)	\$ (3,931,986)	(3,218,600)	(4,388,555)	1,704,825	(19,693)	(5,280,104)	(1,367,090)	(666,325)	(1,883,951)	(3,272,948)
The District's covered payroll	\$ 8,442,965	8,313,781	7,626,177	7,137,597	6,858,261	6,455,721	6,127,091	5,832,620	6,047,936	5,710,256
The District's proportionate share of the net pension asset/liability as a percentage of covered payroll	46.57%	38.71%	57.55%	23.89%	0.29%	81.79%	22.31%	11.42%	31.15%	57.32%
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.90%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%
<u>TRS System</u>										
The District's proportion of the net pension asset/liability	0.173499%	0.170974%	0.168406%	0.170639%	0.168675%	0.167775%	0.162824%	0.159079%	0.160111%	0.158666%
The District's proportionate share of the net pension asset (liability)	\$ 5,176,518	(1,955,236)	(3,231,527)	29,570,106	(4,660,959)	4,358,808	2,944,285	1,209,157	(1,714,852)	16,480,368
The District's covered payroll	\$ 33,710,396	33,292,213	28,440,254	28,962,912	28,629,570	28,004,387	26,533,180	25,208,753	24,706,678	23,833,826
The District's proportionate share of the net pension asset/liability as a percentage of covered payroll	15.36%	5.87%	11.36%	102.10%	16.28%	15.56%	11.10%	4.80%	6.94%	69.15%
Plan fiduciary net position as a percentage of the total pension liability	102.10%	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%

BEACON CITY SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Pension Contributions
Year ended June 30, 2025

<u>ERS System</u>	<u>2025</u>	<u>2024</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>
Contractually required contribution	\$ 1,183,328	905,217	726,512	730,944	837,449	822,280	801,419	872,353	834,110	939,750
Contribution in relation to the contractually required contribution	<u>1,183,328</u>	<u>905,217</u>	<u>726,512</u>	<u>730,944</u>	<u>837,449</u>	<u>822,280</u>	<u>801,419</u>	<u>872,353</u>	<u>834,110</u>	<u>939,750</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$ 8,442,965	8,313,781	7,626,177	7,137,597	6,858,261	6,455,721	6,127,091	5,832,620	6,047,936	5,710,256
Contribution as a percentage of covered payroll	14.02%	10.89%	9.53%	13.04%	12.21%	12.74%	13.08%	14.96%	13.79%	16.46%
<u>TRS System</u>										
Contractually required contribution	\$ 3,363,162	3,249,320	2,923,690	2,760,166	2,536,580	2,974,066	2,600,252	2,954,466	3,276,105	4,178,070
Contribution in relation to the contractually required contribution	<u>3,363,162</u>	<u>3,249,320</u>	<u>2,923,690</u>	<u>2,760,166</u>	<u>2,536,580</u>	<u>2,974,066</u>	<u>2,600,252</u>	<u>2,954,466</u>	<u>3,276,105</u>	<u>4,178,070</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$33,710,396	33,292,213	28,440,254	28,962,912	28,629,570	28,004,387	26,533,180	25,208,753	24,706,678	23,833,826
Contribution as a percentage of covered payroll	9.98%	9.76%	10.28%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

BEACON CITY SCHOOL DISTRICT
Required Supplementary Information
Schedule of Changes in the District's
Total OPEB Liability and Related Ratios
Year ended June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability								
Service cost	\$ 3,391,926	4,069,884	4,748,601	4,956,053	6,039,600	5,205,511	5,463,037	5,303,919
Interest	7,584,585	6,227,947	6,091,116	8,177,826	4,010,039	3,680,924	5,027,911	4,790,641
Changes in assumptions	(17,950,178)	1,555,808	(6,574,602)	(73,910,196)	18,456,590	35,243,871	-	-
Benefit payments	<u>(4,963,645)</u>	<u>(4,608,678)</u>	<u>(3,932,285)</u>	<u>(3,796,206)</u>	<u>(3,115,051)</u>	<u>(3,124,936)</u>	<u>(3,451,033)</u>	<u>(3,179,794)</u>
Net change in total OPEB liability	(11,937,312)	7,244,961	332,830	(64,572,523)	25,391,178	41,005,370	7,039,915	6,914,766
Total OPEB liability - beginning	<u>161,821,843</u>	<u>154,576,882</u>	<u>154,244,052</u>	<u>218,816,575</u>	<u>193,425,397</u>	<u>152,420,027</u>	<u>145,380,112</u>	<u>138,465,346</u>
Total OPEB liability - ending	<u>\$149,884,531</u>	<u>161,821,843</u>	<u>154,576,882</u>	<u>154,244,052</u>	<u>218,816,575</u>	<u>193,425,397</u>	<u>152,420,027</u>	<u>145,380,112</u>
Covered payroll	\$ 28,137,992	28,137,992	34,939,647	34,939,647	34,165,007	34,165,007	28,394,319	28,394,319
Total OPEB liability as a percentage of covered payroll	532.68%	575.10%	442.41%	441.46%	640.47%	566.15%	536.80%	512.00%

Notes to schedule:

Changes in assumptions - Changes in assumptions reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

<u>2025</u>	<u>2024</u>	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>
4.76%	4.09%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

There are no assets held in trust that meet the criteria of GASB Statement No. 75, paragraph 4.

* Information on the discount rate is not available prior to 2024.

OTHER SUPPLEMENTARY INFORMATION

BEACON CITY SCHOOL DISTRICT
 Other Supplementary Information
 Schedule of Changes from Adopted Budget to Final Budget and
 the Real Property Tax Law Limit Calculation
 Year ended June 30, 2025

Change from adopted budget to final budget:	
Original budget	\$83,855,000
Add prior year's encumbrances	<u>418,860</u>
Adopted budget	84,273,860
Budget revisions	<u>182,443</u>
Final budget	<u><u>\$84,456,303</u></u>

Section 1318 of Real Property Tax Law Limit Calculation

2025-2026 expenditure budget	<u>\$87,720,895</u>
Maximum allowed 4% of 2025-2026 budget	<u>\$ 3,508,836</u>

General fund fund balance subject to Section 1318 of
 Real Property Tax Law*:

Unrestricted fund balance:	
Assigned fund balance	\$ 2,930,615
Unassigned fund balance	<u>4,634,553</u>
Total unrestricted fund balance	7,565,168
Less:	
Appropriated fund balance	2,500,000
Encumbrances	<u>430,615</u>
Total adjustments	<u>2,930,615</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law	<u>\$ 4,634,553</u>
Actual percentage	5.28%

* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions," updated April 2011 (originally issued November 2010), the portion of [general fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

BEACON CITY SCHOOL DISTRICT
 Other Supplementary Information
 Schedule of Project Expenditures - Capital Projects Fund
 Year ended June 30, 2025

Project Description	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance	Methods of Financing			Fund Balance 6/30/2025	
			Prior Year's	Current Year	Total		Proceeds of Obligations	State Aid	Other		Total
2021 BCS capital project	\$ 26,000,000	26,000,000	7,882,319	11,827,034	19,709,353	6,290,647	20,075,000	-	2,525,000	22,600,000	2,890,647
Smart school bond	2,111,812	2,111,812	2,111,971	-	2,111,971	(159)	-	2,111,815	156	2,111,971	-
NYCOMCO lease	127,361	127,361	127,361	-	127,361	-	127,361	-	-	127,361	-
BOCES IPA #68	400,000	400,000	400,000	-	400,000	-	400,000	-	-	400,000	-
Total	<u>\$ 28,639,173</u>	<u>28,639,173</u>	<u>10,521,651</u>	<u>11,827,034</u>	<u>22,348,685</u>	<u>6,290,488</u>	<u>20,602,361</u>	<u>2,111,815</u>	<u>2,525,156</u>	<u>25,239,332</u>	<u>2,890,647</u>

BEACON CITY SCHOOL DISTRICT
Other Supplementary Information
Net Investment in Capital Assets
June 30, 2025

Capital assets, net		\$ 83,988,531
Add - deferred charges on refunding		52,504
Deduct:		
Accounts payable	\$ 74,569	
Bond anticipation note	1,125,000	
Bonds payable, including unamortized premiums	36,072,290	
Energy performance contract	1,587,209	
Lease liabilities	<u>400,565</u>	
Total deductions		<u>39,259,633</u>
Net investment in capital assets		<u><u>\$ 44,781,402</u></u>

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

The Board of Education
Beacon City School District
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, each major fund and the aggregate remaining fund information of the Beacon City School District (the District) as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 14, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and responses as item 2025-001.

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The District's response was 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 14, 2025

BEACON CITY SCHOOL DISTRICT
Schedule of Findings and Responses
Year ended June 30, 2025

Reference: 2025-001 NYS Real Property Tax Law §1318

Criteria - New York State (NYS) Real Property Tax Law §1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget of the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts assigned for the subsequent year and encumbrances are also excluded from the 4% limitation.

Condition - The District's unrestricted fund balance at June 30, 2025 after excluding amounts assigned for the subsequent year end and encumbrances, was in excess of the New York State Real Property Tax Law §1318 limit. For the year ended June 30, 2025, this portion of the District's unrestricted fund balance was \$4,634,553, which is 5.28% of the 2025-2026 voter approved General Fund budget.

Cause - Revenue was more than budgeted and expenditures were less than budgeted for the current year.

Effect of Condition - The District is not in compliance with NYS Real Property Tax Law §1318.

Recommendation - We recommend that the District develop a plan to rationally appropriate unassigned fund balance so as to be in compliance with NYS Real Property Tax Law §1318.

View's of Responsible Officials and Planned Corrective Actions - The District will evaluate its budget and reserve fund balances.

BEACON CITY SCHOOL DISTRICT

Status of Prior Year Audit Findings

June 30, 2025

2024-001: Internal Control Over Financial Closing

Condition - The District is not preparing and maintaining supporting documentation in a manner that facilitates effective reconciliation, review and closing of the Districts books at year end.

Status - Management of the District appropriately closed and reconciled all significant asset and liability accounts, enabling a more timely start and completion of the audit. Accordingly, this finding is considered resolved.

2024-002: Salaries and Wages Charged to Federal Awards

Condition - The District employees whose time was being charged to the grants, who were working both 100% and less than 100% of the time in the federal award program, were required to complete semi-annual or monthly certification of the percentage of time they worked in the Federal award program however, they were not completed timely or were completed in advance of the time worked and not completed by all employees whose time was charged to the grants.

Status - Management has determined that they are operating the grants and reporting salaries and wages charged to those grants in accordance with current guidelines. Accordingly, this finding is considered resolved.

BEACON CITY SCHOOL DISTRICT

Corrective Action Plan

Year ended June 30, 2025

Name of Auditee: Beacon City School District

Name of Audit Firm: EFPR Group, CPAs, PLLC

Period Covered by the Audit: Year ended June 30, 2025

CAP Prepared by: Ann Marie Quartironi, Deputy Superintendent

Phone: 845-838-6900

(A) Current Finding on the Schedule of Findings and Responses

(1) Audit Finding 2025-001

- (a) Comments on the finding and recommendation: The District agrees with the finding. The District also agrees with the recommendation.
- (b) Actions Taken: Management will closely monitor fund balance throughout the following fiscal year and during the budgeting process.
- (c) Anticipated Completion Date: June 30, 2026