

**OFFICIAL STATEMENT****NEW ISSUE**  
**MOODY'S: "Aa2"****SERIAL BONDS**  
**See "BOND RATING" herein**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

The Bonds will not be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

**\$22,805,719****CITY OF BEACON**  
**DUTCHESS COUNTY, NEW YORK****GENERAL OBLIGATIONS**  
**CUSIP BASE #: 073653****\$5,016,250 Public Improvement (Serial) Bonds, 2021 Series A**  
(referred to herein as the "Series A Bonds")**Dated: June 29, 2021****Due: June 15, 2022-2035****MATURITIES\*\***

Year	Amount	Rate	Yield	CSP	Year	Amount	Rate	Yield	CSP	Year	Amount	Rate	Yield	CSP
2022	\$ 311,250	%	%		2027	\$ 350,000	%	%		2032	\$ 380,000*	%	%	
2023	320,000				2028	355,000				2033	390,000*			
2024	330,000				2029	360,000				2034	395,000*			
2025	335,000				2030	370,000*				2035	405,000*			
2026	340,000				2031	375,000*								

\* The Series A Bonds maturing in the years 2030-2035 are subject to redemption prior to maturity as described herein under the heading "Optional Redemption."

**&****\$17,789,469 Public Improvement (Serial) Bonds, 2021 Series B**  
(referred to herein as the "Series B Bonds")  
(collectively referred to herein as the "Bonds")**Dated: June 29, 2021****Due: June 15, 2022-2051****MATURITIES\*\***

Year	Amount	Rate	Yield	CSP	Year	Amount	Rate	Yield	CSP	Year	Amount	Rate	Yield	CSP
2022	\$ 409,469	%	%		2032	\$ 525,000*	%	%		2042	\$ 660,000*	%	%	
2023	420,000				2033	535,000*				2043	680,000*			
2024	435,000				2034	545,000*				2044	695,000*			
2025	440,000				2035	560,000*				2045	710,000*			
2026	455,000				2036	575,000*				2046	725,000*			
2027	465,000				2037	590,000*				2047	740,000*			
2028	475,000				2038	600,000*				2048	765,000*			
2029	490,000				2039	615,000*				2049	780,000*			
2030	495,000*				2040	630,000*				2050	800,000*			
2031	510,000*				2041	645,000*				2051	820,000*			

\* The Series B Bonds maturing in the years 2030-2051 are subject to redemption prior to maturity as described herein under the heading "Optional Redemption."

\*\* Subject to change pursuant to the accompanying Notice of Bond Sale in order to achieve substantially level or declining annual debt service. The aggregate par amount of bonds may be decreased in an amount not in excess of the premium offered by the successful bidder, and the amount of each annual maturity, as set forth herein, may be adjusted to the extent necessary, in order that the total proceeds, which include the total par amount of the bonds plus all or a portion of the original issue premium, if any, received by the City, be used for the capital projects financed by the bonds.

The Bonds are general obligations of the City of Beacon, Dutchess County, New York (the "City") all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to applicable statutory limitations. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein.

The Bonds maturing in the years 2030-2035 with respect to the Series A Bonds and 2030-2051 with respect to the Series B Bonds are subject to redemption prior to maturity as described herein under the heading "Optional Redemption."

The Bonds will be issued as registered bonds and may be registered, at the option of the purchaser, in the name of the purchaser or in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which, if so elected by the purchaser, will act as securities depository for the Bonds. If the Bonds are issued in book-entry form, individual purchases will be in the principal amount of \$5,000 or integral multiples thereof, except for one necessary odd denomination with regard to the 2022 maturity which is or includes \$6,250 with respect to the Series A Bonds and \$9,469 with respect to the Series B Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on December 15, 2021, and semi-annually thereafter on June 15 and December 15 in each year until maturity. Principal and interest will be paid by the City to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. If the Bonds are issued in registered certificated form, the Bonds will be issued in denominations of \$5,000 or any integral multiple thereof, except for one necessary odd denomination with regards to the 2022 maturity which is or includes \$6,250 with respect to the Series A Bonds and \$9,469 with respect to the Series B Bonds. Paying agent fees, if any, in such case are to be paid by the purchaser. The Bonds may not be converted into coupon bonds or be registered to bearer.

Proposals for the Series A Bonds shall be for not less than \$5,016,250 and accrued interest, if any, on the total principal amount of the Series A Bonds. Proposals must be accompanied by a good faith deposit in the form of a wire transfer or certified or cashier's check, payable to the order of the City of Beacon, Dutchess County, New York, in the amount of \$100,300.

Proposals for the Series B Bonds shall be for not less than \$17,789,469 and accrued interest, if any, on the total principal amount of the Series B Bonds. Proposals must be accompanied by a good faith deposit in the form of a wire transfer or certified or cashier's check, payable to the order of the City of Beacon, Dutchess County, New York, in the amount of \$356,000.

The Bonds are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinions as to the validity of the Bonds of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC located in Jersey City, New Jersey or as may be agreed upon on or about June 29, 2021.

**ELECTRONIC BIDS for the Bonds must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via [www.fiscaladvisorsauction.com](http://www.fiscaladvisorsauction.com) on June 17, 2021 until 10:30 A.M., Eastern Time, pursuant to the respective Notices of Bond Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the City, each bid will constitute an irrevocable offer to purchase the Bonds pursuant to the terms provided in the Notices of Bond Sale.**

June 4, 2021

THE CITY DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDERS, AS MORE FULLY DESCRIBED IN THE RESPECTIVE NOTICES OF BOND SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. FOR A DESCRIPTION OF THE DISTRICT'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS AS DESCRIBED IN THE RULE, SEE "APPENDIX C – CONTINUING DISCLOSURE UNDERTAKING" HEREIN.

# **CITY OF BEACON**

## **DUTCHESS COUNTY, NEW YORK**

### **CITY OFFICIALS**



HON. LEE KYRIACOU

Mayor

### **CITY COUNCIL**

DAN AYMAR-BLAIR  
AMBER GRANT

GEORGE MANSFIEL  
JODI McCREDO

TERRY NELSON  
AIR RHODES

### **CITY OFFICIALS**

CHRISTOPHER WHITE

City Administrator

SUSAN TUCKER

Director of Finance

NICHOLAS M. WARD-WILLIS

Corporation Counsel

IOLA C. TAYLOR

City Clerk

### **MUNICIPAL ADVISOR**



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### **BOND COUNSEL**



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New York, New York 10019  
(212) 506-5151

No person has been authorized by the City to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City.

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PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT**  
**of the**  
**CITY OF BEACON**  
**DUTCHESS COUNTY, NEW YORK**

**Relating To**  
**\$5,016,250 Public Improvement (Serial) Bonds, 2021 Series A**  
**&**  
**\$17,789,469 Public Improvement (Serial) Bonds, 2021 Series B**

This Official Statement, which includes the cover page and appendices, has been prepared by the City of Beacon, Dutchess County, New York (the "City", "County", and "State", respectively) in connection with the sale by the City of \$5,016,250 Public Improvement (Serial) Bonds, 2021 Series A (the "Series A Bonds") and \$17,789,469 Public Improvement (Serial) Bonds, 2021 Series B (the "Series B Bonds") (collectively referred to herein as the "Bonds").

The factors affecting the City's financial condition and the Bonds are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the City's tax base, revenues, and expenditures, this Official Statement should be read in its entirety.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State of New York, and acts and proceedings of the City contained herein do not purport to be complete, and are qualified in their entirety by reference to the official compilations thereof, and all references to the Bonds and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the City's overall economic situation and outlook (and all of the specific County related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify.

**NATURE OF OBLIGATION**

Each bond, when duly issued and paid for will constitute a contract between the City and the holder thereof.

Holders of any series of notes or bonds of the City may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Bonds will be general obligations of the City and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the City has power and statutory authorization to levy ad valorem taxes on all real property within the City subject to such taxation by the City, subject to applicable statutory limitations.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted" prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes. See "TAX LEVY LIMITATION LAW," herein.

Under the Constitution of the State, the City is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the City's power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State's highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

"A pledge of the City's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the City's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held they mean . . . So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted... While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations." According to the Court in Quirk, the State Constitution "requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness."

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

## **THE BONDS**

### **Description of the Bonds**

The Bonds are general obligations of the City and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Bonds as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the City is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to applicable statutory limitations. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein.

The Bonds will be dated June 29, 2021 and will mature in the principal amounts and on the dates as set forth on the cover page. The Bonds are subject to redemption prior to maturity as described herein under the heading "Optional Redemption." The "Record Date" of the Bonds will be the last day of the calendar month preceding each such interest payment date. Interest will be calculated on a 30-day month and 360-day year basis.

The Bonds will be issued as registered bonds and may be registered, at the option of the purchaser, in the name of the purchaser or in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which, if so elected by the purchaser, will act as securities depository for the Bonds. If the Bonds are issued in book-entry form, individual purchases will be in the principal amount of \$5,000 or integral multiples thereof, except for one necessary odd denomination with regard to the 2022 maturity which is or includes \$6,250 with respect to the Series A Bonds and \$9,469 with respect to the Series B Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on December 15, 2021 and semi-annually thereafter on June 15 and December 15 in each year until maturity. Principal and interest will be paid by the City to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds. See “BOOK-ENTRY-ONLY SYSTEM” herein. If the Bonds are issued in registered certificated form, the Bonds will be issued in denominations of \$5,000 or any integral multiple thereof, except for one necessary odd denomination with regard to the 2022 maturity which is or includes \$6,250 with respect to the Series A Bonds and \$9,469 with respect to the Series B Bonds, and the City will act as paying agent. Paying agent fees, if any, in such case are to be paid by the purchaser. The Bonds may not be converted into coupon bonds or be registered to bearer.

### Optional Redemption

The Bonds maturing on or before June 15, 2029 shall not be subject to redemption prior to maturity. The Bonds maturing on or after June 15, 2030 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed) at the option of the City on June 15, 2029 or on any date thereafter at par (100.0%), plus accrued interest to the date of redemption.

If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected by the City by lot in any customary manner of selection as determined by the City Administrator. Notice of such call for redemption shall be given by mailing such notice to the registered holders not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

### Purpose of Issue – Series A Bonds

The Series A Bonds are issued pursuant to the Constitution and statutes of the State including among others, the Local Finance Law and various bond resolutions adopted by the City Council authorizing the issuance of serial bonds to finance the cost of various City improvements as follows:

Purpose	Authorization Date	Amount Authorized	Amount Outstanding	Principal Reduction	New Money	Amount to be Issued
2018 Roads	08/06/2018	\$ 2,729,750	\$ 2,729,750	\$ -	\$ -	\$ 2,729,750
2019 Park Improvements	03/04/2019	250,000	250,000	-	-	250,000
2019 Building Alterations	03/04/2019	95,000	95,000	-	-	95,000
2019 Machinery	03/04/2019	689,000	689,000	-	-	689,000
2019 Preliminary Plans	03/04/2019	62,500	62,500	-	-	62,500
2020 Fire Station Generator	03/16/2020	25,000	-	-	25,000	25,000
2021 Fire Rescue Vehicle	03/15/2021	640,000	-	-	640,000	640,000
2021 Dump Truck/Plow/Sander	03/15/2021	300,000	-	-	300,000	300,000
2021 Excavator	03/15/2021	225,000	-	-	225,000	225,000
Totals:		\$ 5,016,250	\$ 3,826,250	\$ -	\$ 1,190,000	\$ 5,016,250

The proceeds of the Series A Bonds will permanently finance a \$3,826,250 portion of the \$16,289,215 bond anticipation notes maturing June 30, 2021 and provide \$1,190,000 new money to permanently finance the above-mentioned purposes.

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## Purpose of Issue – Series B Bonds

The Series B Bonds are issued pursuant to the Constitution and statutes of the State including among others, the Local Finance Law and various bond resolutions adopted by the City Council authorizing the issuance of serial bonds to finance the cost of various City improvements as follows:

Purpose	Authorization Date	Amount Authorized	Amount Outstanding	Principal Reduction	New Money	Amount to be Issued
2017 Sewer System	12/04/2017	\$ 900,000	\$ 900,000	\$ 203,496	\$ -	\$ 696,504
2018 Water System	08/06/2018	2,187,468	2,187,468	-	-	2,187,468
2018 Sewer System	08/06/2018	2,403,345	2,403,345	-	-	2,403,345
2019 Water System	03/04/2019	1,823,000	1,823,000	-	-	1,823,000
2019 Sewer System	03/04/2019	5,149,152	5,149,152	-	-	5,149,152
2020 Water System	03/16/2020	700,000	-	-	700,000	700,000
2020 Sewer System	03/16/2020	4,000,000	-	-	4,000,000	4,000,000
2021 Water System	03/15/2021	380,000	-	-	380,000	380,000
2021 Sewer System	03/15/2021	450,000	-	-	450,000	450,000
Totals:		\$ 17,992,965	\$ 12,462,965	\$ 203,496	\$ 5,530,000	\$ 17,789,469

The proceeds of the Series B Bonds, along with \$203,496 available funds of the City will permanently finance a \$12,462,965 portion of the \$16,289,215 bond anticipation notes maturing June 30, 2021 and provide \$5,530,000 new money to permanently finance the above-mentioned purposes.

## BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of each series of the Bonds in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.



Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE CITY CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE CITY MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

## Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the City and discharging its responsibilities with respect thereto under applicable law, or the City may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof for any single maturity, except for one necessary odd denomination with regard to the 2022 maturity which is or includes \$6,250 with respect to the Series A Bonds and \$9,469 with respect to the Series B Bonds. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent bank to be named by the City upon termination of the book-entry-only system. Interest on the Bonds will be payable on December 15, 2021 and semi-annually thereafter on June 15 and December 15 in each year until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Bond Determinations Certificate of the President of the Board of Education authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the last day of the calendar month preceding an interest payment date and such interest payment date.

## THE CITY

### General Information

The City was incorporated in 1913, uniting the Villages of Fishkill Landing and Matteawan. It was named to commemorate the historic beacon fires that blazed forth from the summit of the Fishkill Mountains to alert the Continental Army about British troop movements. Originally an industrial city along the Hudson, Beacon experienced a revival beginning in 2003 with the arrival of Dia:Beacon, one of the largest modern art museums in the United States.

The City has a land area of about 5 square miles and is located on the eastern side of the Hudson River in the southwest corner of Dutchess County approximately 60 miles north of New York City 90 miles south of Albany.

The City provides all basic municipal services to its residents, including police and fire protection, recreation, building code enforcement, maintenance of local highways and City-owned property in addition to operating sewer and water systems.

Source: City officials.

### Selected Wealth and Income Indicators

Per capita income statistics are available for the City, County and State. Listed below are select figures from the 2000 Census Reports, 2006-2010 and 2015-2019 American Community Survey 5 Year Estimates.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2010</u>	<u>2015-2019</u>	<u>2000</u>	<u>2010</u>	<u>2015-2019</u>
City	\$20,654	\$27,712	\$39,500	\$53,811	\$68,802	\$89,746
County	23,940	31,642	40,093	63,254	83,599	102,248
State	23,389	30,948	39,326	51,691	67,405	84,385

Note: 2016-2020 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2015-2019 American Community Survey data.

## Population Trends

	2000	2010	2019	% Change	
				2000-2010	2010-2019
City	13,808	13,806	13,968	12.6%	1.17%
County	280,150	297,454	294,218	6.2	(1.09)%
State	18,976,457	19,378,144	19,453,561	2.1	0.39%

Source: U.S. Census Bureau.

## Employment

The first table below provides certain information about the labor force in the City and comparative information for the County and the State. The information set forth below with respect to such County is included for information purposes only. It should not be implied from the inclusion of such data that the County is necessarily representative of the City or vice versa.

### Average Employed Civilian Labor Force

	2000	2010	2020	% Change	
				2000-2010	2010-2020
County	134,400	137,600	131,200	2.4%	(4.7)%
State	8,727,500	8,790,600	8,361,000	0.7	4.9

Source: New York State Department of Labor.

## Larger Employers

<u>Name</u>	<u>Industry or Business</u>	<u>Number of Employees</u>
Nuvance	Healthcare	5,600
International Business Machine Corp.	Technology	4,100
GlobalFoundries/iPark	Manufacturing	2,500
Bard College	College	1,800
Mid-Hudson Regional Hospital	Healthcare	1,800
Culinary Institute of America	College	1,500
Gap Inc.	Logistics	1,300
Marist College	College	1,300
Vassar College	College	1,100
Central Hudson Gas & Electric Corp.	Utility	1,000

Source: Dutchess County Official Statement dated March 18, 2021.

Note: Numbers predate the emergence of the COVID-19 pandemic.

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## Unemployment Rate Statistics

Unemployment statistics are not available for the City. The information set forth below with respect to the County is included for informational purposes only. It should not be implied from the inclusion of such data in this Official Statement that the County is necessarily representative of the City, or vice versa.

	<u>Annual Average</u>						
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Dutchess County	5.4%	4.5%	4.2%	4.3%	3.7%	3.5%	7.7%
New York State	6.3%	5.2%	4.9%	4.6%	4.1%	3.8%	10.0%

	<u>2021 Monthly Figures</u>					
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
Dutchess County	6.1%	6.5%	5.7%	5.1%	N/A	N/A
New York State	9.4%	9.7%	8.4%	7.8%	N/A	N/A

Note: Unemployment rates for May and June 2021 are unavailable as of the date of this Official Statement. Due to the COVID-19 pandemic, unemployment rates are expected to remain high and for the foreseeable future.

Source: Department of Labor, State of New York. (Note: Figures not seasonally adjusted).

## Employees

The City employs 112 full-time and 27 part-time workers. Current employees by department are detailed below.

	<u>Full-Time</u>	<u>Part Time</u>
Public Works Department	41	1
Public Safety Department	56	1
Finance Department	5	0
Administration Department	7	1
Recreation	3	10
Crossing Guards	0	9
Council	0	6
Total	<u>112</u>	<u>27</u>

Employees are represented by the following collective bargaining organizations:

	<u>Members</u>	<u>Contract Expiration</u>
Civil Service Employees Association	53	12-31-2020 <sup>(1)</sup>
Patrolmen's Benevolent Association	31	12-31-2021
Permanent Firemen's Association	16	12-31-2020 <sup>(1)</sup>
Total	<u>100</u>	

<sup>(1)</sup> Currently under negotiation.

Source: City officials.

## Housing Data

	Number of Units			% Change	
	2000	2010	2019	2000-2010	2010-2019
City	5,406	5,715	5,961 <sup>(1)</sup>	5.7%	4.3%
County	106,103	118,638	121,574	11.8	2.5
State	7,679,307	8,108,103	8,404,381	5.6	3.7

<sup>(1)</sup> 2019 data.

Source: U.S. Department of Commerce, Bureau of the Census.

## Government Organization

The City is principally managed by a City Administrator who is appointed by the Mayor subject to an affirmative vote of a majority of the City Council. Council members are elected to a two-year term. The Mayor is elected to a four-year term (current term expires on December 31, 2023).

The City Administrator is appointed by the Mayor subject to an affirmative vote of a majority of the Council members and serves as the Chief Financial Officer of the City. The City Administrator serves at the pleasure of the Mayor and supervises the operations of all departments and units of the city government. The City Administrator prepares and submits to the Mayor an annual budget and a capital program.

The Finance department is overseen by the Director of Finance and maintains the accounting system of the City. Responsibilities include appropriately and accurately recording all inflows and outflows of monies in accordance standards set forth by City Charter, the Office of State Comptroller and Generally Accepted Accounting Principles as well as applicable General Municipal and Local Finance Law.

## Budgetary Procedure

The budget process for the City begins on or before September 1 of each year when the head of each administrative unit submits an estimate of revenues and expenses for the following year to the City Administrator. Upon completion of the review of such estimates, the City Administrator prepares a proposed annual budget and capital program in accordance with the City Charter and Code which is submitted to the Mayor. At the first regular meeting in October of each year the Mayor submits the proposed budget to the City Council. The City Council reviews the proposed budget and may make changes or revisions. A public hearing must be held not less than two weeks after official publication for such hearing at which time members of the public may express their views regarding the proposed budget. Following the public hearing, the Council may adopt the budget without amendment or make such revisions as might be required, but must adopt the budget on or before December 31 of each year. Budgetary control is the joint responsibility of the City Administrator and Director of Finance. The Council must approve any changes made to the budget to ensure that actual expenditures do not exceed the amounts appropriated. Transfers between and among the various departments must be authorized by vote of the Council. Moreover, it is the Council that has ultimate responsibility for budgetary compliance and control which includes making revisions to appropriations or estimated revenues. Budgets for governmental funds are adopted on a basis that is essentially consistent with generally accepted accounting principles.

## Accounting Practice and Independent Audits

The City retains independent certified public accountants. The financial affairs of the City are also subject to periodic compliance audits by the State Comptroller. The last audit was for the fiscal year ended December 31, 2019 and has been filed with the Electronic Municipal Market Access (EMMA) Website. The Annual Financial Report Update Document ("AUD") and audited financial statements for fiscal year ended December 31, 2020 are not available as of the date of this Official Statement. Certain financial information may be found in the Appendices to this Official Statement.

The City complies with the Uniform System of Accounts as prescribed for cities in New York State by the Office of the State Comptroller. Except for the accounting for fixed assets, this System conforms to generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units," and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending December 31, 2003 the City was required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as a Management's Discussion and Analysis. The City has not implemented GASB Statement No. 34 in its entirety and implementation of this standard is not a New York State Comptroller's office requirement.

## **State Aid**

A substantial portion of the State aid received is directed to be used for specific programs. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the City, in any year or future years, the City may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the City, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the City. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the City, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also "MARKET AND RISK FACTORS," herein.)

## **COVID-19**

Currently, due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and certain businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will experience budgetary restrictions which will require certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts and municipalities in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts and municipalities in the State, including the Town.

On October 30, 2020, the New York State Division of the Budget released the fiscal year ending 2021 Mid-Year State Budget Financial Plan Update, which projects a \$14.9 billion General Fund revenue decline and a 15.3% decline in tax receipts from prior budget forecasts. The State further projects a total revenue loss of \$63 billion through the State's fiscal year ending 2024 as a direct consequence of the COVID-19 pandemic. The State has announced that in the absence of Federal funding to offset this revenue loss, the State has begun to take steps to reduce spending, including but not limited to, temporarily holding back aid payments to local governments and school districts. According to the State, all or a portion of such temporary reductions in aid payments may be converted to permanent reductions, depending on the size and timing of any new Federal aid. Such reductions or delays in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State.

Since June 2020 the State has been withholding 20% of local assistance payments due to municipalities pursuant to the Aid and Incentives to Municipalities Aid, Consolidated Local Street and Highway Improvement Program and various grant programs. The State recently announced that local governments would be paid a portion of the amount withheld from the local assistance payments by the end of March 31, 2021, and that it would continue to withhold approximately 5% of the total local assistance payments. The State's Executive Budget for fiscal year ending March 31, 2022 proposes to reduce State funding paid to cities by up to 20%. Some of such reductions may be restored as a result of the recently enacted stimulus bill. Nevertheless, the City believes it would be able to sustain the impacts of such State aid cuts during its 2021 fiscal year.

Should the City fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the City is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

The table on the following page sets forth total fund revenues and real property taxes received for each of the past five audited fiscal years ended and the amounts budgeted for the two most recent fiscal years.

**Fund Revenues & State Aid Revenues<sup>(1)</sup>**

<u>Fiscal Year Ended December 31:</u>	<u>Total Revenues</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2015	\$ 20,276,124	\$ 2,048,763	10.1%
2016	19,702,611	2,175,178	11.0
2017	19,813,470	2,076,481	10.5
2018	24,056,283	3,604,219	15.0
2019	21,827,817	2,232,027	10.2
2020 (Budget)	21,462,485	2,128,676	9.9
2020 (Unaudited)	22,386,084	2,185,330	9.8
2021 (Budget)	20,082,288	588,398	2.9

<sup>(1)</sup> General Fund.

Source: Audited Financial Statements, Adopted Budgets of the City and City Officials. Unaudited fiscal year end results are based upon certain current assumptions and estimates, and the audited results may vary therefrom. Summary itself not audited.

**Unaudited Summary – FY Ended December 31, 2020**

The following table shows unaudited preliminary result of operations of the City's General, Water and Sewer Funds based on the Annual Update Document filed with the New York State Office of the State Comptroller. Such data is preliminary and subject to audit adjustments, if any.

<u>UNAUDITED Fund Balance</u>	<u>General Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Ending Balance at 12-31-19 (audited)	\$11,882,918	\$3,095,342	\$1,297,188
Revenues	22,386,084	4,220,002	4,770,838
Expenditures	(20,875,111)	(2,866,879)	(4,216,853)
Operating Surplus (Deficit)	1,510,973	1,353,123	553,985
Transfer to Capital	(2,015,146)	(450,000)	-
Ending Balance at 12-31-20			
Consisting of:			
Non-Spendable	428,105	22,658	31,682
Restricted	114,256	243,378	69,199
Assigned	2,324,652	214,962	75,473
Unassigned	8,511,732	3,517,467	1,674,819
Total Fund Balance	<u>\$11,378,745</u>	<u>\$3,998,465</u>	<u>\$1,851,173</u>

Note: Unaudited fiscal year end results are based upon certain current assumptions and estimates, and the audited results may vary therefrom. Summary itself not audited.

**Investment Policy**

Pursuant to Section 39 of the State's General Municipal Law and the City Charter, the City has an investment policy applicable to the investment of all moneys and financial resources of the City. The responsibility for the investment program has been delegated by the City Council to the Chief Financial Officer who was required to establish written operating procedures consistent with the City's investment policy guidelines. According to the investment policy of the City, all investments must conform to the applicable requirements of law and provide for: the safety of the principal; sufficient liquidity; and a reasonable rate of return.

Authorized Investments. The City Council annually designates the banks or trust companies located and authorized to conduct business in the State to receive deposits of money in accordance with the City Charter. The City is permitted to invest in special time deposits or certificates of deposit.

In addition to bank deposits, the City is permitted to invest moneys in direct obligations of the United States of America, obligations guaranteed by agencies of the United States where the payment of principal and interest are further guaranteed by the United States of America, and obligations of the State, unless otherwise provided by law. All purchased obligations, unless registered or inscribed in the name of the City, must be purchased through, delivered to and held in the custody of a bank or trust company located and authorized to conduct business in the State.

**Collateral Requirements.** All City deposits in excess of the applicable insurance coverage provide by the Federal Deposit Insurance Act must be secured in accordance with the provisions of and subject to the limitations of Section 10 of the General Municipal Law of the State. Such collateral must consist of the “eligible securities” with an aggregate “market value” equal to the aggregate amount of deposits.

Eligible securities include (i) obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation, and (ii) obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation, school district, or district corporation of such State or obligation of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public moneys. Eligible securities pledged to secure deposits must be held by the depository or third party bank or trust company pursuant to written security and custodial agreements. Securities not registered or inscribed in the name of the City must be delivered, in a form suitable for transfer or with an assignment in blank, to the City or its designated custodial bank. The custodial agreements used by the City provide that pledged securities must be kept separate and apart from the general assets of the custodian and will not, under any circumstances, be commingled with or become part of the backing for any other deposit or liability.

### **Status and Financing of Employee Pension Benefits**

Substantially all employees of the City are members of the New York State and Local Employees’ Retirement System (“ERS”) or the New York State and Local Police and Fire Retirement System (“PFRS”; with ERS, the “Retirement Systems”). The ERS is generally also known as the “Common Retirement Fund”. The Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the “Retirement System Law”). The Retirement Systems offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems.

The ERS is non- contributory with respect to members hired prior to July 27, 1976 (Tier 1 & 2); members hired from July 27, 1976 through December 31, 2009 (Tier 3 & 4) contribute 3% for the first 10 years of service and then become non-contributory; members hired from January 1, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

The PFRS is non- contributory with respect to members hired prior to January 8, 2010 (Tier 1, 2 & 3); members hired from January 9, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

For both ERS & PFRS, Tier 5 provides for:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police & firefighters at 15% of non-overtime wages.

For both ERS & PFRS, Tier 6 provides for:

- Increase contribution rates of between 3% and 6% base on annual wage
- Increase in the retirement age from 62 years to 63 years
- A readjustment of the pension multiplier
- A change in the period for final average salary calculation from 3 years to 5 years



The City's payments since the 2015 fiscal year have been as follows:

Fiscal Year Ended December 31:	ERS	PFRS
2015	\$ 544,748	\$ 804,014
2016	491,510	971,273
2017	481,656	959,179
2018	479,434	921,852
2019	479,429	1,005,407
2020 (Budgeted)	503,429	1,033,259
2020 (Unaudited)	506,702	1,070,195
2021 (Budgeted)	507,793	1,082,507

Note: Unaudited fiscal year end results are based upon certain current assumptions and estimates, and the audited results may vary therefrom. Table itself not audited.

Source: City officials.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The City does not have any early retirement incentives outstanding.

*Historical Trends and Contribution Rates:* Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and PFRS rates (2017 to 2021) is shown below:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2017	15.5%	24.3%
2018	15.3	24.4
2019	14.9	23.5
2020	14.6	23.5
2021	14.6	24.4

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program that establishes a minimum contribution for any employer equal to 4.5% of pensionable salaries for required contributions due December 15, 2003 and for all years thereafter where the actual rate would otherwise be 4.5% or less. In addition, it instituted a billing system that will advise employers over one year in advance concerning actual pension contribution rates.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to both ERS and PFRS, when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

*Stable Rate Pension Contribution Option:* The 2013-14 Adopted State Budget included a provision that authorized local governments, including the City, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and PFRS. For 2014 and 2015 the rate is 12.0% for ERS and 20% for PFRS; the rates applicable to 2016 and thereafter are subject to adjustment. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

The City is not amortizing or smoothing any pension payments nor does it intend to do so in the foreseeable future.

The investment of monies and assumptions underlying same, of the Retirement Systems covering the City's employees is not subject to the direction of the City. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the City which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

## Other Post-Employment Benefits

Healthcare Benefits. It should also be noted that the City provides post-retirement healthcare benefits to various categories of former employees. These costs may rise substantially in the future. Accounting rule, GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), requires governmental entities, such as the City, to account for post-retirement healthcare benefits with respect to vested pension benefits. GASB 75 replaced GASB 45 as described below.

OPEB. Other Post-Employment Benefits ("OPEB") refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 75. In 2015, the GASB released new accounting standards for public other postemployment benefits (OPEB) plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. For the fiscal year ended December 31, 2018, the City implemented GASB 75. The implementation of this statement requires municipalities to report Other Post-Employment Benefits ("OPEB") liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required municipalities to calculate and report a net other postemployment benefit obligation. However, under GASB 45 municipalities could amortize the OPEB liability over a period of years, whereas GASB 75 requires municipalities to report the entire OPEB liability on the statement of net position.

Summary of Changes from the Last Valuation. The City contracted with an actuarial firm to calculate its actuarial valuation under GASB 75.

The following outlines the changes to the Total OPEB Liability during the below fiscal year, by source.

Balance at December 31, 2019:	\$ 54,734,687
<u>Changes for the year:</u>	
Service cost	1,371,545
Interest	1,517,184
Differences between expected and actual experience	-
Changes of benefit terms	-
Changes in assumptions and other inputs	5,925,139
Benefit payments (including implicit subsidy)	(1,871,800)
Net Changes	6,942,068
Balance at December 31, 2020:	\$ 61,676,755

Source: The above table is not audited.

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are fewer than 200 members.

The City's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the City's finances and could force the City to reduce services, raise taxes or both.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The City has reserved \$0 towards its OPEB liability. The City funds this liability on a pay-as-you-go basis.

In April 2015, the State Comptroller proposed legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would have allowed the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state's OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller's proposal, there are no restrictions on the amount a government can deposit into the trust. The proposed legislation has not been enacted into law. It is not possible to predict whether the Comptroller's proposed legislation will be reintroduced or enacted if introduced.

### **Other Information**

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose for which the Bonds are to be issued, is the City Law, City Charter and the Local Finance Law.

The City is in compliance with the procedure for the validation of the Bonds provided in Title 6 of Article 2 of the Local Finance Law.

No principal or interest upon any obligation of this City is past due.

The fiscal year of the City is January 1 through December 31.

Except for as shown under "STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness", this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the City.

### **Financial Statements**

The City retains an independent certified public accountant firm for a continuous independent audit of all financial transactions of the City. The last audited financial report completed is for the period ended December 31, 2019 and is attached hereto as "APPENDIX – D". Certain financial information of the City may be found in the appendices to this Official Statement. The City's audited financial report for the period ending December 31, 2020 is expected to be available in fall 2021.

The City complies with the Uniform System of Accounts as prescribed for cities in New York State by the State Comptroller. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending 2003, the City was required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as a Management's Discussion and Analysis. The City is in compliance with Statement No. 34.

EFPR Group, CPAs, PLLC, the independent auditor for the City, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. EFPR Group, CPAs, PLLC also has not performed any procedures relating to this Official Statement.

### **New York State Comptroller Report of Examination**

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the City has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The State Comptroller's office has not released an audit report of the City in the last five years, nor are there any others that are currently in progress or pending release.

Note: Reference to website implies no warranty of accuracy of information therein, nor inclusion herein by reference.

## The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The reports of the State Comptroller for the past three years for the City are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2019	No Designation	5.0%
2018	No Designation	5.0%
2017	No Designation	5.0%

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein, nor inclusion herein by reference.

## TAX INFORMATION

### Valuations

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assessed Value	\$1,076,559,630	\$1,137,015,857	\$1,191,982,606	\$1,324,902,112	\$1,363,020,844
Equalization Rate	100.00%	100.00%	100.00%	100.00%	100.00%
Full Value	1,076,559,630	1,137,015,857	\$1,191,982,606	\$1,324,902,112	\$1,363,020,844

Source: Dutchess County Real Property Tax Services

### Tax Rate, Levy and Collection Record

Year	Tax Rate Per \$1,000		Total Tax Levy (a)	Amount Uncollected (b)	Percent Uncollected	
	City (a)	County (a)				
	(H)	(NH)				
2015	8.70	13.35	3.68	13,852,549	194,958	1.40
2016	8.82	13.23	3.60	13,919,698	210,380	1.51
2017	8.61	13.17	3.58	14,142,113	389,434	2.75
2018	8.39	12.67	3.54	14,590,847	559,441	3.83
2019	8.25	12.41	3.45	15,050,155	485,932	3.23
2020	7.64	12.26	3.26	15,759,725	469,132	2.98
2021	7.76	11.49	3.29	16,151,074	Not Available	Not Available

(a) Source: Dutchess County Real Property Tax Service.

(b) Includes City, homestead and non-homestead, and County real property taxes. Source: City of Beacon.

## Tax Collection Procedure

The assessment and collection of real property taxes is governed by the Real Property Tax Law of the State.

The City collects County and City taxes, both current and delinquent, and delinquent school taxes. The City is required to pay the County the full amount of the County levy by the end of the calendar year. Taxes levied against properties are payable from February 1<sup>st</sup> through March 1<sup>st</sup> without penalty. A one percent penalty is assessed against taxes paid from March 2<sup>nd</sup> to March 31<sup>st</sup>. An additional one percent penalty per month is assessed thereafter through December 31<sup>st</sup>. Tax sales are held each year by the City.

## Ten of the Largest Taxpayers

The following table presents the taxable assessed valuation of the ten major taxpayers of the City for the 2020 assessment roll for taxes to be levied in fiscal 2021.

Larger Taxpayers	Type of Business	Assessed Value	% of Total Assessed Value <sup>(1)</sup>
C H G & E Corp	Utility	\$ 28,180,037	2.07%
Westchester County Health Care	Hospital	12,700,000	0.93
C M P Acquisition Corp	Aged Home	8,400,000	0.62
Beacon Falls Lofts and Storage LLC	Retail/Storage	8,200,000	0.60
DMS Consolidators Ltd	Residential/Retail	8,000,000	0.59
10 Boulevard LLC	Office/Retail	6,575,875	0.48
DP108 LLC	Residential/Retail	6,200,000	0.45
Lindley Todd LLC	Office/Residential	5,801,700	0.43
249 Main Street LLC	Retail	5,500,000	0.40
Fishkill Avenue Beacon NY LLC <sup>(2)</sup>	Retail/Storage	5,135,500	0.38
		<u>\$ 94,693,112</u>	<u>6.95%</u>

<sup>(1)</sup> 2021 total assessed value \$1,363,020,844.

<sup>(2)</sup> Pending tax certiorari

## Real Property Tax Revenue

The following table sets forth total fund revenues and real property taxes received for each of the past five audited fiscal years ended and the amounts budgeted for the two most recent fiscal years.

Fiscal Year Ended December 31:	Total Revenues	Real Property Taxes	Taxes to Revenues
2015	\$ 20,276,124	\$ 10,235,207	50.5%
2016	19,702,611	9,941,508	50.5
2017	19,813,470	9,949,965	50.2
2018	24,056,283	10,763,051	44.7
2019	21,827,817	10,903,896	49.9
2020 (Budget)	21,462,485	11,455,743	53.4
2020 (Unaudited)	22,386,084	11,488,563	51.3
2021 (Budget)	20,082,288	11,751,122	58.5

<sup>(1)</sup> General Fund.

Source: Audited Financial Statements, Adopted Budgets of the City and City Officials. Unaudited fiscal year end results are based upon certain current assumptions and estimates, and the audited results may vary therefrom. Summary itself not audited.

## Sales Tax Revenue

The following table sets forth total fund revenues and real property taxes received for each of the past five audited fiscal years ended and the amounts budgeted for the two most recent fiscal years.

Fiscal Year Ended December 31:	Total Revenues <sup>(1)</sup>	Sales Tax	Sales tax to Revenues
2015	\$ 20,276,124	\$ 4,253,642	21.0%
2016	19,702,611	4,282,910	21.7
2017	19,813,470	4,321,409	21.8
2018	24,056,283	4,461,401	18.5
2019	21,827,817	4,543,314	20.8
2020 (Budget)	21,462,485	4,462,000	20.8
2020 (Unaudited)	22,386,084	4,465,838	20.0
2021 (Budgeted)	22,356,131	1,386,229 <sup>(2)</sup>	N/A

<sup>(1)</sup> General Fund.

<sup>(2)</sup> Collected as of May 14, 2021.

Source: Audited Financial Statements, Adopted Budgets of the City and City Officials. Unaudited fiscal year end results are based upon certain current assumptions and estimates, and the audited results may vary therefrom. Summary itself not audited.

## Constitutional Tax Margin

The City derives its power to levy an ad valorem real property tax from the Constitution of the State, subject to applicable statutory limitations. The City's property tax levying powers, other than for debt service and certain other purposes, are limited by the State Constitution to two percent of the five year average full valuation of taxable real property of the City, subject to certain exclusions. See also "TAX LEVY LIMITATION LAW" herein.

Computation of Constitutional Tax Margin for the five fiscal years ending December 31:

Fiscal Year Ending December 31:	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Five-Year Average Full Valuation	\$1,047,908,592	\$1,065,537,232	\$1,096,867,897	\$1,154,601,853
Tax Limit - 2% of Five Year Average	20,958,172	21,310,745	21,937,358	23,092,037
Add: Exclusions from Tax Limit	<u>1,517,851</u>	<u>3,246,270</u>	<u>2,582,367</u>	<u>3,277,386</u>
Total Taxing Power	22,476,023	24,557,015	24,519,725	26,369,423
Less: Total Tax Levy	<u>10,319,219</u>	<u>10,593,191</u>	<u>10,964,181</u>	<u>11,455,743</u>
Constitutional Tax Margin	<u>12,156,804</u>	<u>13,963,824</u>	<u>13,555,544</u>	<u>14,913,680</u>

## TAX LEVY LIMITATION LAW

Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limitation Law") applies to virtually all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and Buffalo, the latter four of which are indirectly affected by applicability to their respective city). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It was set to expire on June 15, 2020, however, recent legislation has made it permanent. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the Tax Levy Limitation Law (June 24, 2011).

While the Tax Levy Limitation Law may constrict an issuer's power to levy real property taxes for the payment of debt service on debt contracted after the effective date of said Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer's pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer's levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation outside of any statutorily determined tax levy amount is not clear.

## **STATUS OF INDEBTEDNESS**

### **Constitutional Requirements**

The New York State Constitution limits the power of the City (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional limitations in summary form, and as generally applicable to the City and the Bonds include the following:

*Purpose and Pledge.* Subject to certain enumerated exceptions, the City shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The City may contract indebtedness only for a City purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

*Payment and Maturity.* Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute or in the alternative, the weighted average period of possible usefulness of the several objects or purposes for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the City Council authorizes and utilizes the issuance of bonds with substantially level or declining annual debt service. The City is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

*Debt Limit.* The City has the power to contract indebtedness for any City purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed seven per centum of the average full valuation of taxable real estate of the City and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the City is calculated by taking 7% of the latest five-year average of the full valuation of all taxable real property.

### **Statutory Procedure**

In general, the State Legislature has authorized the power and procedure for the City to borrow and incur indebtedness by the enactment of the Local Finance Law subject, of course, to the provisions set forth above. The power to spend money, however, generally derives from other law, including specifically the City Law and the General Municipal Law.

Pursuant to the Local Finance Law, the City authorizes the issuance of bonds by the adoption of a bond resolution approved by at least two-thirds of the members of the City Council, the finance board of the City. Customarily, the City Council has delegated to the City Administrator, as chief fiscal officer of the City, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) Such obligations are authorized for a purpose for which the City is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action contesting such validity is commenced within twenty days after the date of such publication, or,
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

Except on rare occasions the City complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

The City Council, as the finance board of the City, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may, and generally does, delegate the power to sell the obligations to the City Administrator, the chief fiscal officer of the City, pursuant to the Local Finance Law.

Statutory law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such renewals do not exceed five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

In general, the Local Finance Law contains provisions providing the City with power to issue certain other short-term general obligation indebtedness including revenue tax, deficiency and bond anticipation notes and budget notes (see "Details of Outstanding Indebtedness" herein).

#### Debt Outstanding End of Fiscal Year

	2016	2017	2018	2019	2020
Bonds	\$28,270,000	\$25,960,000	\$42,607,000	\$39,523,024	\$ 36,358,024
Bond Anticipation Notes	20,879,910	20,263,700	0	0	16,289,215
Total Debt Outstanding	<u>\$49,149,910</u>	<u>\$46,223,700</u>	<u>\$42,607,000</u>	<u>\$39,523,024</u>	<u>\$ 52,647,239</u>

#### Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the City evidenced by serial bonds and bond anticipation notes as of June 4, 2021:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
Bonds	2021-2040	\$ 35,005,000
Bond Anticipation Notes		<u>16,289,215</u> <sup>(1)</sup>
	Total Indebtedness	<u>\$ 51,294,215</u>

<sup>(1)</sup> To be partially redeemed and permanently financed at maturity with the proceeds of the Bonds and \$203,496 available funds of the City.



## Debt Statement Summary

Statement of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 4, 2021:

Five-Year Average Full Valuation of Taxable Real Property.....	\$ 1,218,696,210
Debt Limit - 7% thereof.....	85,308,735

### Inclusions:

Bonds.....	\$ 35,005,000
Bond Anticipation Notes .....	<u>16,289,215</u>
Total Inclusions.....	<u>\$ 51,294,215</u>

### Exclusions:

Appropriations <sup>(1)</sup> .....	\$ 1,175,849
Sewer Debt <sup>(2)</sup> .....	0
Water Debt <sup>(3)</sup> .....	<u>8,175,629</u>
Total Exclusions.....	<u>\$ 9,351,478</u>

Total Net Indebtedness Subject to Debt Limit.....	<u>\$ 41,942,737</u>
Net Debt-Contracting Margin .....	<u>\$ 43,365,998</u>
Percent of Debt Contracting Power Exhausted.....	49.17%

- (1) Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.  
(2) Sewer Debt is excluded pursuant to Section 124.10 of the Local Finance Law.  
(3) Water Debt is excluded pursuant to Article VIII, Section 5B of the New York State Constitution.

Note: The proceeds of the Bonds will increase the net indebtedness of the City by \$6,516,504.

## Bonded Debt Service

A schedule of bonded debt service, including the principal of the Bonds, may be found in “APPENDIX – B” to this Official Statement.

## Estimate of Obligations to be Issued

The City expects to have recurring financing needs for capital improvements. It can be anticipated that, depending on market conditions, the City issues bond anticipation notes and bonds to annually to finance its capital improvements.

After the issuance of the Bonds the City will have \$15,320,112 of authorized and unissued debt for the projects listed below.

Authorized/Unissued Debt			
Date		Amount	Amount
Authorized	Purpose	Authorized	Unissued
9/15/2008	Highway Garage	\$ 4,500,000	\$ 480,454
10/21/2013	Various Purpose	353,200	207,300
10/21/2013	Fire Truck	1,200,000	200,000
5/4/2015	LED Street Lights	3,006,358	1,046,358
5/4/2015	Sewer System Improvements	1,618,000	718,000
3/16/2020	Water System Improvements	5,100,000	4,400,000
3/16/2020	Sewer System Improvements	4,500,000	500,000
3/16/2020	City Hall Improvements	250,000	250,000
3/15/2021	City Hall Improvements	505,000	505,000
3/15/2021	Sewer System Improvements	7,113,000	6,663,000
3/15/2021	Water System Improvements	<u>730,000</u>	<u>350,000</u>
		\$ 28,875,558	\$ 15,320,112

## Cash Flow Borrowings

The City has not issued any tax anticipation notes, revenue anticipation notes, nor budget deficiency notes during the past five fiscal years and does not reasonably expect to in the foreseeable future.

## Estimated Overlapping Indebtedness

In addition to the City, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the City. Bonded indebtedness, including bond anticipation notes, is estimated of the respective municipalities and is not adjusted to include subsequent bond issues, if any.

Municipality	Status of Debt as of	Gross Indebtedness	Estimated Exclusions	Net Indebtedness	City Share	Applicable Indebtedness
County of Dutchess	12-31-19	\$ 153,040,000	\$ -	\$ 153,040,000	4.11%	\$ 6,289,944
Beacon City School District	6-30-20	42,814,525	29,542,022 <sup>(1)</sup>	13,272,503	55.53	7,370,221
Total						<u>\$ 13,660,165</u>

<sup>(1)</sup> Estimated state building aid.

Source: State Comptroller's reports.

## Debt Ratios

The following table sets forth certain ratios relating to the City's net indebtedness as of June 4, 2021.

	Amount	Per Capita <sup>(a)</sup>	Percentage of Full Value <sup>(b)</sup>
Net Indebtedness <sup>(c)</sup> .....	\$ 41,942,737	\$ 3,002.77	3.08%
Net Indebtedness Plus Net Overlapping Indebtedness <sup>(d)</sup> .....	55,602,902	3,980.73	4.08

<sup>(a)</sup> The 2019 estimated population of the City is 13,968. (See "THE CITY – Population Trends" herein.)

<sup>(b)</sup> The City's full valuation of taxable real estate for 2021 is \$1,363,020,844. (See "TAX INFORMATION – Valuations" herein.)

<sup>(c)</sup> See "Debt Statement Summary" herein for the calculation of Net Indebtedness.

<sup>(d)</sup> Estimated net overlapping indebtedness is \$13,660,165. (See "Estimated Overlapping Indebtedness" herein.)

## SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

**General Municipal Law Contract Creditors' Provision.** Each Bond when duly issued and paid for will constitute a contract between the City and the holder thereof. Under current law, provision is made for contract creditors of the City to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the City upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

**Execution/Attachment of Municipal Property.** As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the City may not be enforced by levy and execution against property owned by the City.

**Authority to File For Municipal Bankruptcy.** The Federal Bankruptcy Code allows public bodies, such as the City, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

The State has consented that any municipality in the State may file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt including judicial control over identifiable and unidentifiable creditors.

No current state law purports to create any priority for holders of the Bonds should the City be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The rights of the owners of Bonds to receive interest and principal from the City could be adversely affected by the restructuring of the City's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the City (including the Bonds) to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the City under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal Bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

**State Debt Moratorium Law.** There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations.

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law, described below, enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the City.

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law. The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or village. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an "emergency financial control board" for any county, city, town or village upon determination that such a state of financial emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board requests the municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law ("Title 6-A") effectively prohibits the doing of any act for ninety days in the payment of claims, against the municipality including payment of debt service on outstanding indebtedness.

This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such "additional period of time as is required to carry out fully all the terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder." Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims including debt service due or overdue must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing, that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a “material change in circumstances” the repayment plan is no longer in compliance with statutory requirements.

Once an approved repayment plan has been completed, the court, after a hearing upon motion of any creditor, or a motion of the municipality or its emergency financial control board, will enter an order vacating any stay then in effect and enjoining of creditors who accepted the plan or any benefits thereunder from commencing or continuing any court action, proceeding or other act described in Title 6-A relating to any debt included in the plan.

Title 6-A requires notice to all creditors of each material step in the proceedings. Court determinations adverse to the municipality or its financial emergency control board are appealable as of right to the appellate division in the judicial department in which the court is located and thereafter, if necessary, to the Court of Appeals. Such appeals stay the judgment or appealed from and all other actions, special proceedings or acts within the scope of Section 85.30 of Title 6-A pending the hearing and determination of the appeals.

Whether Title 6-A is valid under the Constitutional provisions regarding the payment of debt service is not known. However, based upon the decision in the Flushing National Bank case described above, its validity is subject to doubt.

While the State Legislature has from time to time adopted legislation in response to a municipal fiscal emergency and established public benefit corporations with a broad range of financial control and oversight powers to oversee such municipalities, generally such legislation has provided that the provisions of Title 6-A are not applicable during any period of time that such a public benefit corporation has outstanding indebtedness issued on behalf of such municipality.

Fiscal Stress and State Emergency Financial Control Boards. Pursuant to Article IX Section 2(b)(2) of the State Constitution, any local government in the State may request the intervention of the State in its “property, affairs and government” by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the cities of Buffalo, Troy and Yonkers and the City of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and approve collective bargaining agreements in certain cases. Implementation is left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, on a certificate of necessity of the governor reciting facts which in the judgment of governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature the State is authorized to intervene in the “property, affairs and governments” of local government units. This occurred in the case of the City of Erie in 2005. The authority of the State to intervene in the financial affairs of local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

In 2013, the State established a new state advisory board to assist counties, cities, towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the “FRB”), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities and is authorized to offer grants and/or loans of up to \$5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

The FRB is also authorized to serve as an alternative arbitration panel for binding arbitration.

Although from time to time, there have been proposals for the creation of a statewide financial control board with broad authority over local governments in the State, the FRB does not have emergency financial control board powers to intervene such as the public benefit corporations established by special acts as described above.

Several municipalities in the State are presently working with the FRB. The City has not requested FRB assistance nor does it reasonably expect to do so in the foreseeable future. School districts and fire districts are not eligible for FRB assistance.

**Constitutional Non-Appropriation Provision.** There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: “If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness.” This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

**Default Litigation.** In prior years, certain events and legislation affecting a holder’s remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service. See “NATURE OF OBLIGATION” and “State Debt Moratorium Law” herein.

**No Past Due Debt.** No principal of or interest on County indebtedness is past due. The City has never defaulted in the payment of the principal of and interest on any indebtedness.

## **MARKET AND RISK FACTORS**

The financial condition of the City as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the City’s control. There can be no assurance that adverse events in the State or in other jurisdictions of the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Bonds. If a significant default or other financial crisis should occur in the affairs of the State or in other jurisdictions of the country or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the City to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The City is dependent in significant part on financial assistance from the State. In several recent years, the City has received delayed payments of State aid which resulted from the State’s delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations.

## **COVID -19**

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the City’s financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for an extended period. Non-essential businesses in the State have begun to reopen under strict guidelines imposed by the State. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State’s economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the City’s operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The COVID-19 pandemic could have a material adverse effect on the State and municipalities and school districts located in the State, including the City. The City is monitoring the situation and has taken and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See “State Aid” and “Cash Flow Borrowing” herein).

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the City will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant. The City carries insurance against cyber attacks.

## **TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Complete copies of the proposed forms of opinion of Bond Counsel are set forth in “APPENDIX – E & F”.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The City has covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) or any other matters coming to the attention of Bond Counsel after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to and may not be relied upon in connection with any such actions, events or matters.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds may otherwise affect an Owner’s federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Owner or the Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, legislative proposals have been made in recent years that would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

## **LEGAL MATTERS**

The legality of the authorization and issuance of the Bonds are covered by the respective approving legal opinions of Bond Counsel. The proposed forms of Bond Counsel’s opinion are attached hereto at “APPENDIX – E & F”.

## **LITIGATION**

The City is subject to a number of lawsuits in the ordinary conduct of its affairs. The Corporation Counsel does not believe, however, that such suits, individually or in the aggregate are likely to have a material adverse effect on the financial condition of the City.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the City threatened against or affecting the City to restrain or enjoin the issuance, sale or delivery of the Bonds or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Bonds or any proceedings or authority of the City taken with respect to the authorization, issuance or sale of the Bonds or contesting the corporate existence or boundaries of the City.

## **CONTINUING DISCLOSURE**

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the City will enter into a Continuing Disclosure Undertaking Certificate, a description of which is attached hereto as "APPENDIX – C".

## **Historical Compliance**

Except as noted below, the City is in compliance in all material respects within the last five years with all previous undertakings made pursuant to the Rule 15c2-12.

The City was required to file its 2019 audited financial statements within sixty days following receipt by the City of its audited financial statement for the preceding fiscal year, but in any event, no later than the last business day of each such succeeding fiscal year. The City's 2019 Audited Financial Statements were dated February 11, 2021 and were filed late to EMMA on February 18, 2021. The City filed an event notice to this effect on February 18, 2021.

## **BOND RATING**

Moody's Investors Service ("Moody's") has assigned its rating of "Aa2" to the Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. A rating reflects only the view of the rating agency assigning such rating and any desired explanation of the significance of such rating should be obtained from Moody's, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Phone: (212) 553-0038, Fax: (212) 553-1390.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the Bonds may have an adverse effect on the market price of the Bonds.

## **MUNICIPAL ADVISOR**

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the City on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Bonds. The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the City and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the City or the information set forth in this Official Statement or any other information available to the City with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the City to Fiscal Advisors are partially contingent on the successful closing of the Bonds.

## **CUSIP IDENTIFICATION NUMBERS**

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds will be paid for by the City provided, however; the City assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

## **MISCELLANEOUS**

So far as any statements made in this Official Statement involve matters of opinion or estimates in good faith, no assurance can be given that the facts will materialize as so opined or estimated. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds.

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the City management's beliefs as well as assumptions made by, and information currently available to, the City's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the City's files with the repositories. When used in City documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Bonds.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the City, expressed no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the City for use in connection with the offer and sale of the Bonds, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Bonds, the City will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the City.

The Official Statement is submitted only in connection with the sale of the Bonds by the City and may not be reproduced or used in whole or in part for any other purpose.

The City hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

The Municipal Advisor may place a copy of this Official Statement on its website at [www.fiscaladvisors.com](http://www.fiscaladvisors.com). Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. The Municipal Advisor has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the City nor the Municipal Advisor assumes any liability or responsibility for errors or omissions on such website. Further, the Municipal Advisor and the City disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. The Municipal Advisor and the City also assumes no liability or responsibility for any errors or omissions or for any updates to dated website information.

The City's contact information is as follows: Susan K. Tucker, CPA Director of Finance, City of Beacon, 1 Municipal Plaza, Beacon, NY 12508, Phone: 845-838-5006, Fax: 845-838-5026, Email: [stucker@cityofbeacon.org](mailto:stucker@cityofbeacon.org).

Additional copies of the Notices of Bond Sale and the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., telephone number (315) 752-0051, or at [www.fiscaladvisors.com](http://www.fiscaladvisors.com)

**CITY OF BEACON**

**CHRISTOPHER WHITE**  
**CITY ADMINISTRATOR AND**  
**CHIEF FISCAL OFFICER**

**Dated: June 4, 2021**



GENERAL FUND

Balance Sheets

Fiscal Years Ending	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 12,140,943	\$ 11,579,158	\$ 10,369,907	\$ 11,620,237	\$ 7,556,855
Accounts Receivable	1,796,358	2,141,181	2,205,513	2,620,758	2,346,230
Due from Other Funds	1,102,454	187,632	263,288	1,137,230	4,114,399
Due From Other Governments	183,255	243,543	276,874	495,297	527,524
State and Federal Receivable	76,648	12,062	67,787	18,062	167,208
Prepaid Expenses	330,280	414,103	409,009	398,399	428,105
Restricted Assets	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u><u>\$ 15,629,938</u></u>	<u><u>\$ 14,577,679</u></u>	<u><u>\$ 13,592,378</u></u>	<u><u>\$ 16,289,983</u></u>	<u><u>\$ 15,140,321</u></u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 539,645	\$ 398,621	\$ 465,183	\$ 371,155	\$ 733,611
Accrued Expenses	197,291	289,895	276,619	204,754	159,954
Due to Other Governments	2,176,216	1,882,612	1,946,415	2,662,157	1,629,939
Due to Other Funds	1,132,312	391,385	403,988	1,496,557	144,588
Other Liabilities	5,673	5,673	5,673	5,673	-
<b>TOTAL LIABILITIES</b>	<u><u>\$ 4,051,137</u></u>	<u><u>\$ 2,968,186</u></u>	<u><u>\$ 3,097,878</u></u>	<u><u>\$ 4,740,296</u></u>	<u><u>\$ 2,668,092</u></u>
<u>DEFERRED INFLOW OF RESOURCES</u>	<u>\$ 1,843,879</u>	<u>\$ 1,720,611</u>	<u>\$ 1,981,357</u>	<u>\$ 818,625</u>	<u>\$ 589,311</u>
<u>FUND EQUITY</u>					
Nonspendable	\$ 330,280	\$ 414,103	\$ 409,009	\$ 398,399	\$ 428,105
Restricted	211,120	136,063	83,172	92,709	178,750
Assigned	247,500	253,362	155,176	462,948	456,415
Unassigned	8,946,021	9,085,354	7,865,786	9,777,006	10,819,648
<b>TOTAL FUND EQUITY</b>	<u><u>9,734,921</u></u>	<u><u>9,888,882</u></u>	<u><u>8,513,143</u></u>	<u><u>10,731,062</u></u>	<u><u>11,882,918</u></u>
<b>TOTAL LIABILITIES and FUND EQUITY</b>	<u><u>\$ 15,629,937</u></u>	<u><u>\$ 14,577,679</u></u>	<u><u>\$ 13,592,378</u></u>	<u><u>\$ 16,289,983</u></u>	<u><u>\$ 15,140,321</u></u>

Source: Audited financial reports of the City for 2015 - 2019. This Appendix itself is not audited.

**GENERAL FUND**

**Revenues, Expenditures and Changes in Fund Balance**

Fiscal Years Ending	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b><u>REVENUES</u></b>					
Real Property Taxes	\$ 10,235,207	\$ 9,941,508	\$ 9,949,965	\$ 10,763,051	\$ 10,903,896
Real Property Tax Items	583,951	665,034	347,137	872,812	790,412
Non-Property Tax Items	4,656,108	4,658,700	4,718,187	4,888,441	4,987,248
Departmental Income	1,061,531	922,737	1,294,443	1,269,993	1,398,591
Intergovernmental Charges	56,397	53,893	58,937	218,023	126,848
Use of Money & Property	15,550	12,722	15,441	82,269	216,971
Licenses and Permits	309,841	442,855	382,309	397,409	284,441
Fines and Forfeitures	218,599	229,093	202,874	152,155	108,361
Sale of Property and Compensation for Loss	549,015	58,358	208,045	1,268,286	242,798
Miscellaneous	42,846	41,607	17,277	81,305	49,350
Interfund Revenues	426,030	468,400	449,490	458,320	474,620
Revenues from State Sources	2,048,763	2,175,178	2,076,481	3,604,219	2,232,027
Revenues from Federal Sources	72,286	32,526	92,884	-	12,254
Total Revenues	<u>\$20,276,124</u>	<u>\$19,702,611</u>	<u>\$19,813,470</u>	<u>\$24,056,283</u>	<u>\$21,827,817</u>
<b><u>EXPENDITURES</u></b>					
General Government Support	\$ 2,159,589	\$ 2,346,791	\$ 2,381,286	\$ 2,228,475	\$ 2,445,555
Public Safety	6,965,111	6,053,999	6,117,348	6,236,830	6,590,231
Transportation	1,854,974	1,838,470	1,910,546	1,857,728	1,751,490
Culture and Recreation	381,161	446,224	606,283	628,650	655,740
Home and Community Services	1,133,488	1,290,735	1,272,912	1,337,624	1,328,212
Employee Benefits	3,178,453	4,519,684	4,657,815	4,439,157	4,896,832
Debt Service	2,639,967	2,239,614	2,521,673	2,834,339	2,840,071
Total Expenditures	<u>\$ 18,312,743</u>	<u>\$ 18,735,517</u>	<u>\$ 19,467,863</u>	<u>\$ 19,562,803</u>	<u>\$ 20,508,131</u>
Excess of Revenues Over (Under) Expenditures	<u>\$1,963,381</u>	<u>\$967,094</u>	<u>\$345,607</u>	<u>\$4,493,480</u>	<u>\$1,319,686</u>
Other Financing Sources (Uses):					
Operating Transfers In	-	-	-	215,439	-
Operating Transfers Out	<u>(920,000)</u>	<u>-</u>	<u>(1,721,346)</u>	<u>(2,491,000)</u>	<u>(167,830)</u>
Total Other Financing	<u>(920,000)</u>	<u>-</u>	<u>(1,721,346)</u>	<u>(2,275,561)</u>	<u>(167,830)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$1,043,381</u>	<u>\$967,094</u>	<u>(\$1,375,739)</u>	<u>\$2,217,919</u>	<u>\$1,151,856</u>
<b><u>FUND BALANCE</u></b>					
Fund Balance - Beginning of Year	9,029,294	10,072,675	10,226,636	8,850,897	10,731,062
Prior Period Adjustments (net)	-	(813,133)	-	(337,754)	-
Fund Balance - End of Year	<u>\$ 10,072,675</u>	<u>\$ 10,226,636</u>	<u>\$ 8,850,897</u>	<u>\$ 10,731,062</u>	<u>\$ 11,882,918</u>

Source: Audited financial reports of the City for 2015 - 2019. This Appendix itself is not audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending	2019		2020	2021
	Adopted Budget	Actual	Adopted Budget	Adopted Budget
<b>REVENUES</b>				
Real Property Taxes	\$ 10,964,181	\$ 10,903,896	\$ 11,455,743	\$ 11,751,122
Real Property Tax Items	95,000	790,412	334,017	403,655
Non-Property Tax Items	4,691,000	4,987,248	4,844,000	4,590,686
Departmental Income	1,238,185	1,398,591	1,244,662	1,266,055
Intergovernmental Charges	209,627	126,848	182,348	250,277
Use of Money & Property	41,500	216,971	188,000	90,032
Licenses and Permits	314,250	284,441	217,850	240,650
Fines and Forfeitures	153,500	108,361	83,400	85,500
Sale of Property and Compensation for Loss	81,000	242,798	26,000	61,000
Miscellaneous	474,620	49,350	35,323	18,788
Interfund Revenues	31,223	474,620	501,510	508,250
Revenues from State Sources	2,075,876	2,232,027	2,128,676	588,398
Revenues from Federal Sources	-	12,254	220,956	227,875
Total Revenues	\$ 20,369,962	\$ 21,827,817	\$ 21,462,485	\$ 20,082,288
<b>EXPENDITURES</b>				
General Government Support	\$ 2,825,626	\$ 2,445,555	\$ 3,050,109	\$ 3,427,820
Public Safety	7,240,903	6,590,231	7,815,650	8,222,449
Transportation	1,984,123	1,751,490	1,963,216	1,890,378
Economic Assistance & Opportunity	-	-	-	25,000
Culture and Recreation	715,230	655,740	758,829	836,877
Home and Community Services	1,309,481	1,328,212	1,381,155	1,415,379
Employee Benefits	3,808,101	4,896,832	4,030,062	4,016,604
Debt Service	2,840,071	2,840,071	2,843,306	2,521,623
Total Expenditures	\$ 20,723,535	\$ 20,508,131	\$ 21,842,327	\$ 22,356,131
Excess of Revenues Over (Under) Expenditures	(353,573)	1,319,686	(379,842)	(2,273,843)
Other Financing Sources (Uses):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	(167,830)	-	-
Total Other Financing	-	(167,830)	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(353,573)	1,151,856	(379,842)	(2,273,843)
<b>FUND BALANCE</b>				
Fund Balance - Beginning of Year	-	10,731,062	-	2,273,843
Prior Period Adjustment	-	-	-	-
Fund Balance - End of Year	\$ (353,573)	\$ 11,882,918	\$ (379,842)	\$ -

Source: Audited Financial Report (2019) and 2021 budget of the City. This Appendix itself is not audited.

**APPENDIX - B**  
**City of Beacon**

**BONDED DEBT SERVICE**

Fiscal Year Ending December 31st	Principal	Interest	Total
2021	\$ 2,808,024	\$ 1,043,455.78	\$ 3,851,479.35
2022	2,735,000	972,068.78	3,707,068.78
2023	2,830,000	879,118.78	3,709,118.78
2024	2,340,000	799,212.52	3,139,212.52
2025	1,340,000	739,612.52	2,079,612.52
2026	1,370,000	705,012.52	2,075,012.52
2027	1,410,000	669,487.52	2,079,487.52
2028	1,445,000	632,962.52	2,077,962.52
2029	1,480,000	595,512.52	2,075,512.52
2030	1,525,000	556,596.89	2,081,596.89
2031	1,565,000	515,706.26	2,080,706.26
2032	1,605,000	472,443.76	2,077,443.76
2033	1,655,000	425,281.27	2,080,281.27
2034	1,705,000	373,426.27	2,078,426.27
2035	1,755,000	318,186.89	2,073,186.89
2036	1,805,000	260,832.51	2,065,832.51
2037	1,870,000	201,218.76	2,071,218.76
2038	1,930,000	139,012.52	2,069,012.52
2039	1,990,000	74,550.01	2,064,550.01
2040	1,195,000	20,912.50	1,215,912.50
<b>TOTALS</b>	<b>\$ 36,358,024</b>	<b>\$ 10,394,611.10</b>	<b>\$ 46,752,634.67</b>

CURRENT BONDS OUTSTANDING

Fiscal Year Ending December 31st	2002			2008		
	Environmental Facility Corp. - Wastewater Treatment			Public Improvement		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 133,024	\$ 362.00	\$ 133,385.57	\$ 500,000	\$ 65,675.00	\$ 565,675.00
2022	-	-	-	520,000	45,050.00	565,050.00
2023	-	-	-	540,000	22,950.00	562,950.00
TOTALS	\$ 133,024	\$ 362.00	\$ 133,385.57	\$ 1,560,000	\$ 133,675.00	\$ 1,693,675.00

Fiscal Year Ending December 31st	2014			2016		
	Public Improvement Refunding			Public Improvement		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 955,000	\$ 107,881.26	\$ 1,062,881.26	\$ 565,000	\$ 312,256.26	\$ 877,256.26
2022	970,000	88,781.26	1,058,781.26	570,000	300,906.26	870,906.26
2023	1,015,000	49,981.26	1,064,981.26	580,000	289,406.26	869,406.26
2024	1,035,000	25,875.00	1,060,875.00	590,000	277,706.26	867,706.26
2025	-	-	-	600,000	265,806.26	865,806.26
2026	-	-	-	610,000	253,706.26	863,706.26
2027	-	-	-	625,000	241,356.26	866,356.26
2028	-	-	-	635,000	228,756.26	863,756.26
2029	-	-	-	650,000	215,906.26	865,906.26
2030	-	-	-	665,000	202,340.63	867,340.63
2031	-	-	-	680,000	187,625.00	867,625.00
2032	-	-	-	695,000	171,287.50	866,287.50
2033	-	-	-	715,000	151,875.01	866,875.01
2034	-	-	-	735,000	130,125.01	865,125.01
2035	-	-	-	750,000	107,850.01	857,850.01
2036	-	-	-	770,000	85,050.01	855,050.01
2037	-	-	-	795,000	61,575.01	856,575.01
2038	-	-	-	815,000	37,425.02	852,425.02
2039	-	-	-	840,000	12,600.01	852,600.01
TOTALS	\$ 3,975,000	\$ 272,518.78	\$ 4,247,518.78	\$ 12,885,000	\$ 3,533,559.55	\$ 16,418,559.55

Fiscal Year Ending December 31st	2018		
	Public Improvement		
	Principal	Interest	Total
2021	\$ 655,000	\$ 557,281.26	\$ 1,212,281.26
2022	675,000	537,331.26	1,212,331.26
2023	695,000	516,781.26	1,211,781.26
2024	715,000	495,631.26	1,210,631.26
2025	740,000	473,806.26	1,213,806.26
2026	760,000	451,306.26	1,211,306.26
2027	785,000	428,131.26	1,213,131.26
2028	810,000	404,206.26	1,214,206.26
2029	830,000	379,606.26	1,209,606.26
2030	860,000	354,256.26	1,214,256.26
2031	885,000	328,081.26	1,213,081.26
2032	910,000	301,156.26	1,211,156.26
2033	940,000	273,406.26	1,213,406.26
2034	970,000	243,301.26	1,213,301.26
2035	1,005,000	210,336.88	1,215,336.88
2036	1,035,000	175,782.50	1,210,782.50
2037	1,075,000	139,643.75	1,214,643.75
2038	1,115,000	101,587.50	1,216,587.50
2039	1,150,000	61,950.00	1,211,950.00
2040	1,195,000	20,912.50	1,215,912.50
TOTALS	\$ 17,805,000	\$ 6,454,495.77	\$ 24,259,495.77

## CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE BONDS

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the City has agreed to provide, or cause to be provided,

- (i) to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the Final Official Statement dated June 17, 2021 of the City relating to the Bonds under the headings "The City", "Tax Information", "City Indebtedness", "Litigation" and all Appendices (other than "APPENDIX – C, E & F, and any related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending December 31, 2021, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending December 31, 2021; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the City of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the City of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;
- (ii) within 10 business days after the occurrence of such event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:
  - (a) principal and interest payment delinquencies
  - (b) non-payment related defaults; if material
  - (c) unscheduled draws on debt service reserves reflecting financial difficulties
  - (d) unscheduled draws on credit enhancements reflecting financial difficulties
  - (e) substitution of credit or liquidity providers, or their failure to perform
  - (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
  - (g) modifications to rights of Bondholders; if material
  - (h) bond calls, if material, and tender offers
  - (i) defeasances
  - (j) release, substitution, or sale of property securing repayment of the Bonds; if material
  - (k) rating changes
  - (l) bankruptcy, insolvency, receivership or similar event of the City;

- (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (o) incurrence of a “financial obligation” (as defined in the Rule) of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect Bondholders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no “debt service reserves” will be established for the Bonds.

With respect to event (d) the City does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds.

For the purposes of the event identified in (l) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

The City may from time to time choose to provide notice of the occurrence of certain other events in addition to those listed above, if the City determines that any such other event is material with respect to the Bonds; but the City does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

- (iii) in a timely manner, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of its failure to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

The City reserves the right to terminate its obligations to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, and notices of material events, as set forth above, if and when the City no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The City acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds (including holders of beneficial interests in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the City's obligations under its continuing disclosure undertaking and any failure by the City to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds to recover monetary damages.

The City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City, provided that, the City agrees that any such modification will be done in a manner consistent with the Rule.

A Continuing Disclosure Undertaking Certificate to this effect shall be provided to the purchaser at closing.

**CITY OF BEACON**  
**DUTCHESS COUNTY, NEW YORK**

**GENERAL PURPOSE FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY SCHEDULES**

**December 31, 2019**

Such Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.



# CITY OF BEACON, NEW YORK

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CITY OF BEACON, NEW YORK

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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beacon, New York (the City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beacon, New York, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

As discussed in note 14 to the financial statements, the City restated net position as of December 31, 2018 to correct financial reporting errors. Our opinions are not modified with respect to this matter.

### Required Supplementary Information

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

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 11, 2021, on our consideration of the City of Beacon, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Beacon, New York's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York  
February 11, 2021

CITY OF BEACON, NEW YORK  
Management's Discussion and Analysis  
December 31, 2019

Our discussion and analysis of the City's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2019. Please read it in conjunction with the City's basic financial statements, which begin on page 13.

## **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The statement of net position (page 13) and the statement of activities (on page 14) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 15. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. For proprietary funds, the statements reflect business-type activities, but on the same basis as the government-wide statements. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statement provides financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

### **Reporting the City as a Whole**

The statements for the City as a whole begin on page 13. One of the most important questions about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets, deferred outflows of resources, liabilities and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid. These two statements report the City's *net position* and changes in them. You can think of the City's net position - assets and deferred outflows less liabilities and deferred inflows - as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City.

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

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

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

**Reporting the City's Most Significant Funds**

Our analysis of the City's major funds begins on page 7. The fund financial statements begin on page 15 and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law. However, the city council established other funds to show that it is meeting legal responsibilities for using certain grants, and other money (like grants received from the U.S. Department of Housing and Urban Development). The City's two kinds of funds - governmental and proprietary - use different accounting approaches.

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

**The City as Trustee**

The City is responsible for other assets in an agency capacity. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position on page 22. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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

**FINANCIAL HIGHLIGHTS**

**GOVERNMENTAL ACTIVITIES**

Statement of Net Position - Governmental Activities

	<u>2019</u>	<u>2018*</u>	<u>Change</u>
Assets:			
Cash and equivalents	\$ 10,231,062	13,697,713	(3,466,651)
Receivables	2,361,806	2,794,080	(432,274)
Due from other governments	718,141	1,017,999	(299,858)
Internal balances	3,411,260	848,496	2,562,764
Investments - LOSAP	630,008	599,091	30,917
Prepaid expenses	432,005	401,579	30,426
Capital assets	<u>55,193,658</u>	<u>52,845,569</u>	<u>2,348,089</u>
Total assets	<u>72,977,940</u>	<u>72,204,527</u>	<u>773,413</u>
Deferred outflows of resources	<u>8,525,031</u>	<u>4,229,532</u>	<u>4,295,499</u>
Liabilities:			
Accounts payable and other liabilities	6,726,783	5,188,360	1,538,423
Bonds payable	23,864,946	25,910,409	(2,045,463)
Total OPEB liability	46,065,947	43,858,483	2,207,464
Total pension liability - LOSAP	1,181,156	1,272,790	(91,634)
Net pension liabilities, proportionate share	<u>2,496,251</u>	<u>1,494,528</u>	<u>1,001,723</u>
Total liabilities	<u>80,335,083</u>	<u>77,724,570</u>	<u>2,610,513</u>
Deferred inflows of resources	<u>9,694,066</u>	<u>7,983,265</u>	<u>1,710,801</u>
Net position (deficit):			
Net investment in capital assets	33,757,006	32,112,746	1,644,260
Restricted	178,750	92,709	86,041
Unrestricted (deficit)	<u>(42,461,934)</u>	<u>(41,479,231)</u>	<u>(982,703)</u>
Total net position (deficit)	\$ <u>(8,526,178)</u>	<u>(9,273,776)</u>	<u>747,598</u>

\* Restated as described in note 14.

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

Statement of Activities - Governmental Activities

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Program revenue:			
Charges for services	\$ 1,846,604	1,960,639	(114,035)
Operating and capital grants	1,083,466	959,289	124,177
General revenue:			
Real property taxes and tax items	11,464,994	11,881,201	(416,207)
Other taxes	5,598,962	5,437,421	161,541
Unrestricted grants and contributions	1,537,578	2,956,312	(1,418,734)
Interest earnings	322,277	69,693	252,584
Other revenues	<u>758,166</u>	<u>1,925,201</u>	<u>(1,167,035)</u>
Total revenue	<u>22,612,047</u>	<u>25,189,756</u>	<u>(2,577,709)</u>
Expenses:			
General government support	3,187,332	2,694,220	493,112
Public safety	10,608,983	10,051,395	557,588
Transportation	4,608,957	4,387,838	221,119
Culture and recreation	1,176,496	1,144,522	31,974
Home and community services	1,499,135	1,502,394	(3,259)
Interest	<u>783,546</u>	<u>758,549</u>	<u>24,997</u>
Total expenses	<u>21,864,449</u>	<u>20,538,918</u>	<u>1,325,531</u>
Change in net position	\$ <u><u>747,598</u></u>	<u><u>4,650,838</u></u>	<u><u>(3,903,240)</u></u>

The City's governmental activities statement of net position reflects an overall increase of \$747,598 as revenues exceeded expenses.

The governmental activities shows a cash balance \$10,231,062. This is a combination of general fund cash of \$7,556,855, capital projects cash of \$2,296,174, cash of \$367,231 in the non-major fund and cash of \$10,802 in the internal service fund. Capital projects cash is a result of unspent monies for projects currently underway.



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

Governmental activities related projects (roads, sidewalks, buildings, highway and public safety equipment) are reflected in the capital assets of \$55,193,658 which is net of depreciation. The City capitalized \$5,016,443 of expenditures, \$32,500 to land, \$63,736 to building improvements, \$713,818 to machinery and equipment, and \$4,206,389 to construction in progress of which \$3,821,952 was related to streets and sidewalks, \$282,398 was for building improvements, and \$102,039 for park improvements. Also, \$12,825,470 of construction in progress was placed into service while machinery and equipment with a cost of \$488,578 and accumulated depreciation of \$487,939 was disposed.

Bonds payable decreased \$2,045,463 a result of principal payments on long-term debt.

The liabilities also showed a increase of \$1,001,723 in the net pension liabilities, proportionate share. These amounts are determined by New York State and reported to the City.

### **GENERAL FUND**

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

Overall in 2019, the general fund revenues decreased by \$2,228,466 and expenditures increased by \$945,328. With the adoption of the 2019 budget, the City appropriated \$464,573 of fund balance and increased the tax levy \$370,990 and managed to stay under the 2% tax cap. Specific results to note were revenues received in excess of budget:

- \$222,314 in additional sales tax (growth) from Dutchess County.
- \$695,412 more in tax interest, back tax collection and installment agreements.
- \$113,659 in licenses and permits.
- \$141,595 in sale of property and compensation for loss.

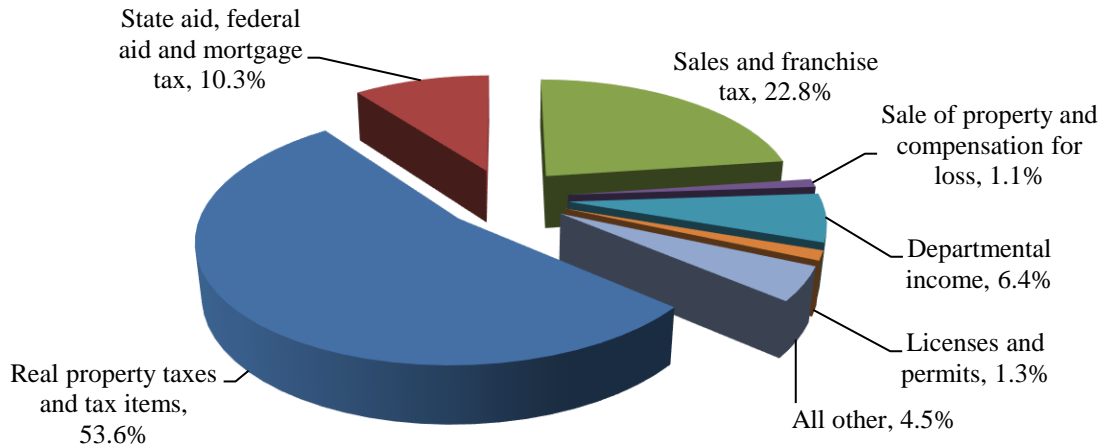
The City saved in almost every department budget across the board and only spent 98% of its expenditure budget. The City approximately saved:

- \$207,608 in salaries.
- \$302,522 in contractual items.
- Employee benefits were overspent due to higher than anticipated health insurance costs.

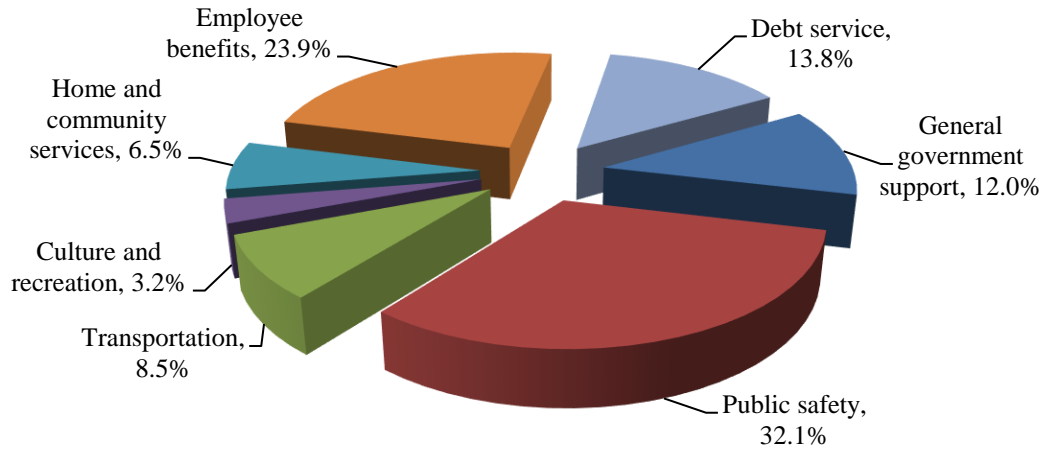
CITY OF BEACON, NEW YORK  
Management's Discussion and Analysis, Continued

Below are graphs of the general fund's revenues and expenditures to illustrate the sources and uses of the operating fund. Specific amounts can be found on page 17 of the financial statements.

**General Fund Revenue 2019**



**General Fund Expenses 2019**



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

**CAPITAL PROJECTS FUND**

Starting in 2011 and continuing through 2019, the City has had several major projects underway. These projects are accounted for in the capital projects fund and were originally financed primarily through the use of short-term bond anticipation notes (BANs). The City has since converted all outstanding BANs to bonds.

In 2019, the City spent \$4,270,125 on various roads, sidewalks, building upgrades, parking lots and parks and \$674,861 was expended on machinery and equipment which have been included as capitalized assets within governmental activities.

**PROPRIETARY FUNDS**

Water and sewer funds of the City are considered to be proprietary funds (business-type). Below is an analysis to show the 2019 versus 2018 balances and operations.

<u>Statement of Net Position - Business-type Activities</u>			
	<u>2019</u>	<u>2018</u>	<u>Change</u>
Assets:			
Cash and equivalents	\$ 3,274,922	6,207,252	(2,932,330)
Receivables	2,217,149	2,391,952	(174,803)
Internal balances	(3,309,210)	(848,496)	(2,460,714)
Prepaid expenses	54,340	43,173	11,167
Capital assets	<u>26,646,501</u>	<u>21,083,784</u>	<u>5,562,717</u>
Total assets	<u>28,883,702</u>	<u>28,877,665</u>	<u>6,037</u>
Deferred outflows of resources	<u>1,416,248</u>	<u>528,316</u>	<u>887,932</u>
Liabilities:			
Accounts payable and other liabilities	736,485	712,442	24,043
Bonds payable	15,722,755	16,751,927	(1,029,172)
Total OPEB liability	8,668,740	8,245,345	423,395
Net pension liabilities, proportionate share	<u>341,507</u>	<u>152,521</u>	<u>188,986</u>
Total liabilities	<u>25,469,487</u>	<u>25,862,235</u>	<u>(392,748)</u>
Deferred inflows of resources	<u>1,717,476</u>	<u>1,318,581</u>	<u>398,895</u>
Net position (deficit):			
Net investment in capital assets	11,434,428	6,291,248	5,143,180
Unrestricted (deficit)	<u>(8,321,441)</u>	<u>(4,066,083)</u>	<u>(4,255,358)</u>
Total net position	\$ <u>3,112,987</u>	<u>2,225,165</u>	<u>887,822</u>

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

The City's water and sewer funds (business-type activities) show a combined increase of \$887,822 in net position. Capital assets increased as additions of \$6,505,803 were greater than depreciation of \$943,086. Liabilities decreased \$392,748 mainly due scheduled reductions in long-term debt of \$1,029,172 which were offset by an increase in the total OPEB liability of \$423,395, and an increase in the net pension liabilities of \$188,986, which is determined by the New York State Comptroller.

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

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Program revenue - Charges for services and grants	\$ 8,183,652	7,360,169	823,483
General revenue - Investment earnings	<u>69,178</u>	<u>41,680</u>	<u>27,498</u>
Total revenues	<u>8,252,830</u>	<u>7,401,849</u>	<u>850,981</u>
Expenses:			
Water	3,354,950	3,105,890	249,060
Sewer	<u>4,010,058</u>	<u>4,293,309</u>	<u>(283,251)</u>
Total expenses	<u>7,365,008</u>	<u>7,399,199</u>	<u>(34,191)</u>
Change in net position	\$ <u>887,822</u>	<u>2,650</u>	<u>885,172</u>

The water fund shows an increase in net position of \$340,002 from current year activities. As these financial statements are on a full accrual basis, postemployment benefits, as described above, compensated absences (unused but earned employee leave time) and depreciation on fixed assets are included expenses. For 2019, other postemployment benefit costs amounted to \$197,276 and depreciation expense amounted to \$373,842.

The sewer fund shows an increase in net position of \$547,820 from current year activities. As noted with the water fund above these financial statements are on a full accrual basis as described above, expenses such as other postemployment benefits amounting to \$226,119 and depreciation on fixed assets of \$569,244 are calculated in that figure.

**ACTIVITIES REGARDING CAPITAL ASSETS**

The City has \$3,954,892 of construction in progress as of December 31, 2019. Most of this pertains to road reconstruction, sidewalks, lighting projects, and water and sewer main improvements.

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

**LONG TERM DEBT**

Total long term serial bond debt as of December 31, 2019 was \$39,587,701. \$23,864,946 of this balance is general fund debt. The water and sewer portions of the debt amount to \$4,647,332 and \$11,075,423 , respectively. Water and sewer debt is paid by the water and sewer customers. The general fund paid \$2,043,328 in long-term debt principal in 2019. The water and sewer funds paid \$313,339 and \$715,333, respectively, in long-term debt principal in 2019.

**SIGNIFICANT ECONOMIC FACTORS**

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

Some of the current projects are described below:

Certificates of Occupancy in 2019 were issued for:

- 30 Beekman Street: The building structure, common areas, parking garage, lounge, roof top decks, exercise room and 42 condo units.
- 1 Liam Drive: 28 Units
- 2 Liam Drive: 45 Units
- 20 Single Family Houses, complete renovations
- 511 Fishkill Avenue: Brewery portion

These properties added significantly to the tax base and therefore lowering the tax rate for 2020's budget. As a result of the development and interest in Beacon, the City added \$133 million to the tax base, \$114 million to Homestead and \$19 million to Non-Homestead. The increased tax base helped the City to provide a tax rate decrease for 4 consecutive years to homestead and non-homestead parcels after 10 years of rate increases.

The City also has several projects approved for and currently under construction including a brewery and restaurant, a music school, 10 hotel rooms, 18 townhouses and a rehab of 2,862 sq. ft. of commercial building. These projects will be issued certificates of occupancy in 2020 and 2021, therefore expanding the tax base in 2021 and 2022.

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

The increased population of 14,271 (U.S. Census 2016 estimate) will help keep Main Street, which features many restaurants and art galleries, alive during lowered tourist activity during the weekdays.

New York State Comptroller's Office Fiscal Stress Monitoring system which objectively reviews a variety of financial and environmental factors continues to classify the City as "No Designation" indicating that the City is below their threshold of being susceptible to fiscal stress. More information on Fiscal Stress Monitoring system can be found here: <http://www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm>

Moody's reviews the City's financial condition with annually and continues to classify the City with an outstanding bond rating of Aa2. The City's latest credit opinion can be found here: [https://www.moodys.com/research/Moodys-assigns-Aa2-to-the-City-of-Beacon-NYs-20--PR\\_904574717](https://www.moodys.com/research/Moodys-assigns-Aa2-to-the-City-of-Beacon-NYs-20--PR_904574717).

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

## **REQUEST FOR INFORMATION**

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

CITY OF BEACON, NEW YORK  
Statement of Net Position  
December 31, 2019

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and equivalents	\$ 10,231,062	3,274,922	13,505,984
Receivables	2,361,806	2,107,064	4,468,870
Due from other governments	718,141	110,085	828,226
Internal balances	3,411,260	(3,309,210)	102,050
Investments - LOSAP	630,008	-	630,008
Prepaid expenses	432,005	54,340	486,345
Total current assets	<u>17,784,282</u>	<u>2,237,201</u>	<u>20,021,483</u>
Noncurrent assets:			
Land	10,729,558	1,061,955	11,791,513
Infrastructure, net of accumulated depreciation	24,408,024	14,833,853	39,241,877
Buildings, improvements, machinery and equipment, net of accumulated depreciation	16,101,184	3,130,810	19,231,994
Construction in progress	3,954,892	7,619,883	11,574,775
Total noncurrent assets	<u>55,193,658</u>	<u>26,646,501</u>	<u>81,840,159</u>
Total assets	<u>72,977,940</u>	<u>28,883,702</u>	<u>101,861,642</u>
Deferred outflows of resources	<u>8,525,031</u>	<u>1,416,248</u>	<u>9,941,279</u>
Liabilities:			
Current liabilities:			
Accounts payable	2,601,458	425,994	3,027,452
Accrued liabilities	268,815	72,361	341,176
Due to other governments	1,629,939	-	1,629,939
Current portion of long-term liabilities:			
Compensated absences	147,180	16,669	163,849
Landfill remediation liability	8,000	-	8,000
Bonds payable, non-capital	53,830	-	53,830
Bonds payable, capital	2,057,675	1,053,493	3,111,168
Total current liabilities	<u>6,766,897</u>	<u>1,568,517</u>	<u>8,335,414</u>
Noncurrent liabilities:			
Judgments and claims	60,000	-	60,000
Compensated absences	1,955,391	221,461	2,176,852
Landfill remediation liability	56,000	-	56,000
Bonds payable, non-capital	78,290	-	78,290
Bonds payable, capital	21,675,151	14,669,262	36,344,413
Total OPEB liability	46,065,947	8,668,740	54,734,687
Total pension liability - LOSAP	1,181,156	-	1,181,156
Net pension liabilities, proportionate share	2,496,251	341,507	2,837,758
Total noncurrent liabilities	<u>73,568,186</u>	<u>23,900,970</u>	<u>97,469,156</u>
Total liabilities	<u>80,335,083</u>	<u>25,469,487</u>	<u>105,804,570</u>
Deferred inflows of resources	<u>9,694,066</u>	<u>1,717,476</u>	<u>11,411,542</u>
Net position (deficit):			
Net investment in capital assets	33,757,006	11,434,428	45,191,434
Restricted	178,750	-	178,750
Unrestricted (deficit)	(42,461,934)	(8,321,441)	(50,783,375)
Total net position (deficit)	<u>\$ (8,526,178)</u>	<u>3,112,987</u>	<u>(5,413,191)</u>

See accompanying notes to financial statements.

CITY OF BEACON, NEW YORK  
Statement of Activities  
Year ended December 31, 2019

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net Revenue (Expense) and Changes in Net Position</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Governmental activities:							
General government support	\$ 3,187,332	518,988	2,144	-	(2,666,200)	-	(2,666,200)
Public safety	10,608,983	617,625	83,007	12,254	(9,896,097)	-	(9,896,097)
Transportation	4,608,957	306,356	-	857,555	(3,445,046)	-	(3,445,046)
Culture and recreation	1,176,496	290,321	14,903	60,000	(811,272)	-	(811,272)
Home and community services	1,499,135	113,314	53,603	-	(1,332,218)	-	(1,332,218)
Interest	783,546	-	-	-	(783,546)	-	(783,546)
Total governmental activities	<u>21,864,449</u>	<u>1,846,604</u>	<u>153,657</u>	<u>929,809</u>	<u>(18,934,379)</u>	<u>-</u>	<u>(18,934,379)</u>
Business-type activities:							
Water fund	3,354,950	3,660,890	-	-	-	305,940	305,940
Sewer fund	<u>4,010,058</u>	<u>4,440,256</u>	<u>-</u>	<u>82,506</u>	<u>-</u>	<u>512,704</u>	<u>512,704</u>
Total business-type activities	<u>7,365,008</u>	<u>8,101,146</u>	<u>-</u>	<u>82,506</u>	<u>-</u>	<u>818,644</u>	<u>818,644</u>
	<u>\$ 29,229,457</u>	<u>9,947,750</u>	<u>153,657</u>	<u>1,012,315</u>	<u>(18,934,379)</u>	<u>818,644</u>	<u>(18,115,735)</u>
General revenue:							
Taxes:							
Real property taxes					10,674,582	-	10,674,582
Real property tax items					790,412	-	790,412
Sales tax distribution					4,543,314	-	4,543,314
Mortgage tax					611,714	-	611,714
Utilities tax					207,401	-	207,401
Franchise tax					236,533	-	236,533
Unrestricted grants and contributions					1,537,578	-	1,537,578
Interest earnings					322,277	69,178	391,455
Sale of property and compensation for loss					242,798	-	242,798
Miscellaneous					<u>515,368</u>	<u>-</u>	<u>515,368</u>
Total general revenue					<u>19,681,977</u>	<u>69,178</u>	<u>19,751,155</u>
Change in net position					<u>747,598</u>	<u>887,822</u>	<u>1,635,420</u>
Net position at beginning of year, before restatement					(8,733,648)	2,225,165	(6,508,483)
Restatement (note 14)					<u>(540,128)</u>	<u>-</u>	<u>(540,128)</u>
Net position (deficit) at beginning of year, as restated					<u>(9,273,776)</u>	<u>2,225,165</u>	<u>(7,048,611)</u>
Net position (deficit) at end of year					<u>\$ (8,526,178)</u>	<u>3,112,987</u>	<u>(5,413,191)</u>

See accompanying notes to financial statements.



CITY OF BEACON, NEW YORK  
Balance Sheet - Governmental Funds  
December 31, 2019

	General Fund	Capital Projects Fund	Nonmajor Governmental Fund	Total Governmental Funds
<u>Assets</u>				
Cash and equivalents	\$ 7,556,855	2,296,174	367,231	10,220,260
Receivables:				
Taxes	2,065,619	-	-	2,065,619
Other	280,611	-	-	280,611
Mortgage loans receivable	-	-	15,291	15,291
Due from other funds	4,114,399	3,206,069	-	7,320,468
Due from other governments	527,524	-	-	527,524
State and federal receivables	167,208	23,409	-	190,617
Prepaid expenditures	428,105	-	-	428,105
Total assets	<u>\$15,140,321</u>	<u>5,525,652</u>	<u>382,522</u>	<u>21,048,495</u>
<u>Liabilities, Deferred Inflows and Fund Balances</u>				
Liabilities:				
Accounts payable	733,611	1,445,498	-	2,179,109
Accrued expenses	159,954	-	-	159,954
Retainage payable	-	422,349	-	422,349
Due to other funds	144,588	3,755,130	9,490	3,909,208
Due to other governments	1,629,939	-	-	1,629,939
Total liabilities	<u>2,668,092</u>	<u>5,622,977</u>	<u>9,490</u>	<u>8,300,559</u>
Deferred inflows of resources	<u>589,311</u>	<u>-</u>	<u>15,291</u>	<u>604,602</u>
Fund balances (deficit):				
Nonspendable	428,105	-	-	428,105
Restricted for:				
Debt service	1,623	-	-	1,623
Miscellaneous	11,264	-	-	11,264
Community development	165,863	-	357,741	523,604
Assigned - appropriated	456,415	-	-	456,415
Unassigned (deficit)	<u>10,819,648</u>	<u>(97,325)</u>	<u>-</u>	<u>10,722,323</u>
Total fund balances (deficit)	<u>11,882,918</u>	<u>(97,325)</u>	<u>357,741</u>	<u>12,143,334</u>
Total liabilities, deferred inflows and fund balances (deficit)	<u>\$15,140,321</u>	<u>5,525,652</u>	<u>382,522</u>	<u>21,048,495</u>

See accompanying notes to financial statements.

CITY OF BEACON, NEW YORK  
Reconciliation of Balance Sheet - Governmental Funds  
to the Statement of Net Position  
December 31, 2019

Total governmental fund balances	\$ 12,143,334
Total net position reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	55,193,658
Long-term liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the funds.	
Compensated absences	(2,102,571)
Landfill remediation liability	(64,000)
Bonds payable	(23,822,246)
Judgments and claims	(60,000)
Total OPEB liability	(46,065,947)
Net pension liabilities, proportionate share	(2,496,251)
The internal service fund is reported separately at the fund level but blended in governmental activities in the statement of net position .	(508,384)
Certain uncollected revenue/receivables are deferred in the funds, but are fully accrued for governmental activity purposes.	589,311
Deferred outflows and inflows of resources related to pension systems and total OPEB liability are not reported in the funds.	
Deferred outflows of resources - pensions	2,472,035
Deferred inflows of resources - pensions	(1,075,146)
Deferred outflows of resources - OPEB	5,901,118
Deferred inflows of resources - OPEB	(8,422,818)
Premiums on long-term debt are revenues in the funds but liabilities in the statement of net position	(42,700)
Accrued interest on long-term debt is not recorded in the funds.	<u>(165,571)</u>
Net position - governmental activities	<u>\$ (8,526,178)</u>

See accompanying notes to financial statements.

CITY OF BEACON, NEW YORK  
Statement of Revenue, Expenditures and Changes in Fund Balances -  
Governmental Funds  
Year ended December 31, 2019

	General <u>Fund</u>	Capital Projects <u>Fund</u>	Nonmajor Governmental <u>Fund</u>	Total Governmental <u>Funds</u>
Revenue:				
Real property taxes	\$10,903,896	-	-	10,903,896
Real property tax items	790,412	-	-	790,412
Non property tax items	4,987,248	-	-	4,987,248
Departmental income	1,398,591	-	2,745	1,401,336
Intergovernmental charges	126,848	-	-	126,848
Use of money and property	216,971	26,340	3,129	246,440
Licenses and permits	284,441	-	-	284,441
Fines and forfeitures	108,361	-	-	108,361
Sale of property and compensation for loss	242,798	-	-	242,798
Miscellaneous local sources	49,350	-	-	49,350
Interfund revenues	474,620	-	-	474,620
State aid	2,232,027	400,032	-	2,632,059
Federal aid	12,254	505,461	-	517,715
Total revenue	<u>21,827,817</u>	<u>931,833</u>	<u>5,874</u>	<u>22,765,524</u>
Expenditures:				
General government support	2,445,555	291,779	-	2,737,334
Public safety	6,590,231	85,293	-	6,675,524
Transportation	1,751,490	4,478,779	-	6,230,269
Culture and recreation	655,740	120,611	-	776,351
Home and community services	1,328,212	40,488	-	1,368,700
Employee benefits	4,896,832	-	-	4,896,832
Debt service	2,840,071	-	-	2,840,071
Total expenditures	<u>20,508,131</u>	<u>5,016,950</u>	<u>-</u>	<u>25,525,081</u>
Excess (deficiency) revenue over expenditures	<u>1,319,686</u>	<u>(4,085,117)</u>	<u>5,874</u>	<u>(2,759,557)</u>
Other financing sources (uses):				
Transfers in	-	167,830	-	167,830
Transfers out	(167,830)	-	-	(167,830)
Total other financing sources (uses)	<u>(167,830)</u>	<u>167,830</u>	<u>-</u>	<u>-</u>
Excess (deficit) of revenue over expenditures and other sources (uses)	1,151,856	(3,917,287)	5,874	(2,759,557)
Fund balances at beginning of year	<u>10,731,062</u>	<u>3,819,962</u>	<u>351,867</u>	<u>14,902,891</u>
Fund balances (deficit) at end of year	<u>\$11,882,918</u>	<u>(97,325)</u>	<u>357,741</u>	<u>12,143,334</u>

See accompanying notes to financial statements.

CITY OF BEACON, NEW YORK  
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances -  
Governmental Funds to the Statement of Activities  
Year ended December 31, 2019

Net change in fund balances	\$ (2,759,557)
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,348,089
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. This is the amount of serial bond principal repaid and the amortization of deferred premiums.	2,045,463
Some expenses reported in the statement of activities, such as accrued interest, compensated absences, internal service fund, landfill remediation liability and postemployment benefits do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(431,199)
Increase in retirement expense as a result increases in the net pension liabilities.	(225,884)
Certain uncollected revenue/receivables are deferred in the funds, but are fully accrued for governmental activity purposes.	<u>(229,314)</u>
Change in net position of governmental activities	<u><u>\$ 747,598</u></u>

See accompanying notes to financial statements.

CITY OF BEACON, NEW YORK  
Statement of Net Position - Proprietary Funds  
December 31, 2019

	<u>Business-type Activities</u>			<u>Internal Service</u>
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>Length of Service</u>
	<u>Fund</u>	<u>Fund</u>		<u>Award Program</u>
Assets:				
Current assets:				
Cash and equivalents	\$ 2,477,549	797,373	3,274,922	10,802
Receivables:				
Charges for services	756,488	1,088,918	1,845,406	
Other	16,567	245,091	261,658	56,995
Due from other governments	27,579	82,506	110,085	-
Investments	-	-	-	630,008
Prepaid expenses	22,658	31,682	54,340	3,900
Total current assets	<u>3,300,841</u>	<u>2,245,570</u>	<u>5,546,411</u>	<u>701,705</u>
Capital assets:				
Land	993,722	68,233	1,061,955	-
Infrastructure, net of accumulated depreciation	5,525,020	9,308,833	14,833,853	-
Buildings, machinery and equipment, net of accumulated depreciation	1,279,756	1,851,054	3,130,810	-
Construction in progress	3,793,110	3,826,773	7,619,883	-
Total capital assets	<u>11,591,608</u>	<u>15,054,893</u>	<u>26,646,501</u>	<u>-</u>
Total assets	<u>14,892,449</u>	<u>17,300,463</u>	<u>32,192,912</u>	<u>701,705</u>
Deferred outflows of resources	<u>629,981</u>	<u>786,267</u>	<u>1,416,248</u>	<u>151,878</u>
Liabilities:				
Current liabilities:				
Accounts payable	203,683	222,311	425,994	-
Accrued expenses	22,381	49,980	72,361	-
Due to other funds	1,312,339	1,996,871	3,309,210	-
Current portion of compensated absences	6,970	9,699	16,669	-
Current portion of bonds payable	319,397	734,096	1,053,493	-
Total current liabilities	<u>1,864,770</u>	<u>3,012,957</u>	<u>4,877,727</u>	<u>-</u>
Noncurrent liabilities:				
Compensated absences	92,601	128,860	221,461	-
Bonds payable	4,327,935	10,341,327	14,669,262	-
Total OPEB liability	3,896,983	4,771,757	8,668,740	-
Total pension liability - LOSAP	-	-	-	1,181,156
Net pension liabilities, proportionate share	149,664	191,843	341,507	-
Total noncurrent liabilities	<u>8,467,183</u>	<u>15,433,787</u>	<u>23,900,970</u>	<u>1,181,156</u>
Total liabilities	<u>10,331,953</u>	<u>18,446,744</u>	<u>28,778,697</u>	<u>1,181,156</u>
Deferred inflows of resources	<u>770,585</u>	<u>946,891</u>	<u>1,717,476</u>	<u>180,811</u>
Net position (deficit):				
Net investment in capital assets	6,947,862	4,486,566	11,434,428	-
Unrestricted (deficit)	<u>(2,527,970)</u>	<u>(5,793,471)</u>	<u>(8,321,441)</u>	<u>(508,384)</u>
Total net position (deficit)	<u>\$ 4,419,892</u>	<u>(1,306,905)</u>	<u>3,112,987</u>	<u>(508,384)</u>

See accompanying notes to financial statements.

CITY OF BEACON, NEW YORK  
Statement of Revenue, Expenses and Changes in Net Position -  
Proprietary Funds  
Year ended December 31, 2019

	<u>Business-type Activities</u>			<u>Internal Service</u>
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>Length of Service</u>
	<u>Fund</u>	<u>Fund</u>		<u>Award Program</u>
Operating revenue				
Charges for services and other fees	\$ 3,660,890	4,440,256	8,101,146	62,553
Federal aid	-	82,506	82,506	-
Total operating revenue	<u>3,660,890</u>	<u>4,522,762</u>	<u>8,183,652</u>	<u>62,553</u>
Operating expenses:				
Personal services	691,617	759,634	1,451,251	6,188
Administrative expenses	599,459	283,363	882,822	
Maintenance, operations and				-
contractual expenses	954,955	1,361,513	2,316,468	-
Employee benefits	614,180	721,067	1,335,247	48,322
Depreciation	373,842	569,244	943,086	-
Total operating expenses	<u>3,234,053</u>	<u>3,694,821</u>	<u>6,928,874</u>	<u>54,510</u>
Operating income	<u>426,837</u>	<u>827,941</u>	<u>1,254,778</u>	<u>8,043</u>
Nonoperating revenue (expenses):				
Investment income	34,062	35,116	69,178	75,837
Interest expense	(120,897)	(315,237)	(436,134)	-
Total nonoperating revenue				
(expenses)	<u>(86,835)</u>	<u>(280,121)</u>	<u>(366,956)</u>	<u>75,837</u>
Change in net position	<u>340,002</u>	<u>547,820</u>	<u>887,822</u>	<u>83,880</u>
Net position (deficit) at beginning of				
year	<u>4,079,890</u>	<u>(1,854,725)</u>	<u>2,225,165</u>	<u>(592,264)</u>
Net position (deficit) at end of year	<u>\$4,419,892</u>	<u>(1,306,905)</u>	<u>3,112,987</u>	<u>(508,384)</u>

See accompanying notes to the financial statements.

CITY OF BEACON, NEW YORK  
Statement of Cash Flows - Proprietary Funds  
Year ended December 31, 2019

	<u>Business-type Activities</u>			<u>Internal Service</u>
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>Length of Service</u>
	<u>Fund</u>	<u>Fund</u>		<u>Award Program</u>
Cash flows from operating activities:				
Cash received from users	\$3,828,500	4,529,955	8,358,455	62,553
Cash paid for employees and employee benefits	(1,283,552)	(1,425,433)	(2,708,985)	(45,963)
Cash paid for operating expenses	<u>(1,479,245)</u>	<u>(1,655,601)</u>	<u>(3,134,846)</u>	<u>(6,188)</u>
Net cash provided by operating activities	<u>1,065,703</u>	<u>1,448,921</u>	<u>2,514,624</u>	<u>10,402</u>
Cash flows from investing activities - advances from other funds	<u>1,164,813</u>	<u>1,295,901</u>	<u>2,460,714</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(3,791,404)	(2,714,399)	(6,505,803)	-
Interest payments on debt	(122,515)	(319,856)	(442,371)	-
Repayments of debt	<u>(313,339)</u>	<u>(715,333)</u>	<u>(1,028,672)</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(4,227,258)</u>	<u>(3,749,588)</u>	<u>(7,976,846)</u>	<u>-</u>
Cash flows from investing activities:				
Investment income	34,062	35,116	69,178	19,127
Purchase of investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,917)</u>
Net cash provided by (used in) investing activities	<u>34,062</u>	<u>35,116</u>	<u>69,178</u>	<u>(11,790)</u>
Net change in cash and equivalents	(1,962,680)	(969,650)	(2,932,330)	(1,388)
Cash and equivalents at beginning of year	<u>4,440,229</u>	<u>1,767,023</u>	<u>6,207,252</u>	<u>12,190</u>
Cash and equivalents at end of year	<u>\$2,477,549</u>	<u>797,373</u>	<u>3,274,922</u>	<u>10,802</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 426,837	827,941	1,254,778	8,043
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	373,842	569,244	943,086	-
Change in:				
Receivables	161,178	89,699	250,877	-
Due from other governments	6,432	(82,506)	(76,074)	-
Prepaid expenses	(4,763)	(6,404)	(11,167)	(720)
Accounts payable	88,786	5,567	94,353	-
Accrued expenses	(8,854)	(16,292)	(25,146)	-
Compensated absences	(49,334)	9,907	(39,427)	-
Net pension liabilities, proportionate share	82,144	106,842	188,986	-
Total OPEB liability	197,276	226,119	423,395	-
Pension liability - LOSAP	-	-	-	(91,634)
Deferred outflow of resources	(396,680)	(491,252)	(887,932)	21,233
Deferred inflow of resources	<u>188,839</u>	<u>210,056</u>	<u>398,895</u>	<u>73,480</u>
Net cash provided by operating activities	<u>\$1,065,703</u>	<u>1,448,921</u>	<u>2,514,624</u>	<u>10,402</u>

See accompanying notes to financial statements.

CITY OF BEACON, NEW YORK  
Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2019

	<u>Agency Funds</u>
Assets - cash and cash equivalents	\$ <u>522,946</u>
Liabilities:	
Due to other funds	102,050
Escrow funds returnable and other liabilities	<u>420,896</u>
Total liabilities	<u>522,946</u>
Net position	<u><u>\$ -</u></u>

See accompanying notes to financial statements.



## CITY OF BEACON, NEW YORK

### Notes to Financial Statements

December 31, 2019

#### (1) Summary of Significant Accounting Policies

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

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

##### (a) Financial Reporting Entity

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

##### (b) Government-Wide Financial Statements

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

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

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

(1) Summary of Significant Accounting Policies, Continued

(b) Government-Wide Financial Statements, Continued

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

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

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

(c) Basic Financial Statements - Fund Financial Statements

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

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

The following fund types are used by the City:

(1) Governmental Funds

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

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

(1) Summary of Significant Accounting Policies, Continued

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

(1) Governmental Funds, Continued

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

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

(2) Proprietary Funds

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

(3) Fiduciary Funds

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

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

(d) Basis of Accounting

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

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

(1) Summary of Significant Accounting Policies, Continued

(d) Basis of Accounting, Continued

(1) Accrual

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

(2) Modified Accrual

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

(e) Fund Balances

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

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

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

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

Assigned consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. The City, by city ordinance, has authorized the City administrator to assign fund balance.

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

(1) Summary of Significant Accounting Policies, Continued

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

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

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

(f) Fair Value Measurement

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

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

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

(g) Cash and Equivalents

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

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

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

(1) Summary of Significant Accounting Policies, Continued

(g) Cash and Equivalents, Continued

The cash in financial institutions of the City at December 31, 2019, is as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Fund</u>	<u>Business- Type Activities</u>	<u>Total</u>
Non-interest bearing accounts	\$ 29,411	1,087	-	133,702	164,200
Interest bearing bearing accounts	<u>8,143,148</u>	<u>2,805,751</u>	<u>367,231</u>	<u>2,512,134</u>	<u>13,828,264</u>
	<u>\$ 8,172,559</u>	<u>2,806,838</u>	<u>367,231</u>	<u>2,645,836</u>	<u>13,992,464</u>

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

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

(h) Capital Assets

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

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

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

(1) Summary of Significant Accounting Policies, Continued

(i) Compensated Absences

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

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

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

(j) Interfund Activity

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

(k) Budgets

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

(l) Insurance

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

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

(1) Summary of Significant Accounting Policies, Continued

(m) Property Taxes

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

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

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

The City reported the following deferred outflows of resources:

	<u>Balance Sheet - Governmental Funds</u>	<u>Statement of Net Position Governmental Activities</u>	<u>Business-type Activities</u>
Pensions	\$ -	2,472,035	305,770
Other postemployment benefits	-	5,901,118	1,110,478
Length of Service Award Program (LOSAP)	- _____	151,878 _____	- _____
	\$ - =====	8,525,031 =====	1,416,248 =====

Deferred inflows of resources is an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City reported the following deferred inflows of resources:

	<u>Balance Sheet - Governmental Funds</u>	<u>Statement of Net Position Governmental Activities</u>	<u>Business-type Activities</u>
Property taxes	\$ 589,311	-	-
Rehabilitation loans	15,291	15,291	-
Pensions	-	1,075,146	132,461
Other postemployment benefits	-	8,422,818	1,585,015
Length of Service Award Program (LOSAP)	- _____	180,811 _____	- _____
	\$ 604,602 =====	9,694,066 =====	1,717,476 =====

(o) Long-Term Liabilities

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



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

(1) Summary of Significant Accounting Policies, Continued

(p) Classifications of Fund Balance

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

	<u>Balance at December 31, 2019</u>
General fund:	
Nonspendable	\$ 428,105
Restricted:	
Debt service	1,623
Miscellaneous	11,264
Community development	<u>165,863</u>
Total restricted	178,750
Assigned - appropriated	456,415
Unassigned	<u>10,819,648</u>
Total general fund	11,882,918
Capital projects fund - unassigned (deficit)	(97,325)
Nonmajor fund - restricted (community development)	<u>357,741</u>
Total fund balance	\$ <u>12,143,334</u>

(q) Allowance for Uncollectible Accounts

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

(r) Use of Estimates

The preparation of basic financial statements, in accordance with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

(s) Overexpenditure of Certain Appropriations

General funds appropriations were overexpended within the employee benefits category, which was due to the City not making year end budget adjustments for higher than anticipated health insurance costs.

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

(1) Summary of Significant Accounting Policies, Continued

(t) Subsequent Events

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

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

(2) Receivables

Other receivables at December 31, 2019, consists of the following:

	<u>General Fund</u>
Franchise and utility fees	\$ 115,226
Other fees and reimbursements	157,305
NYMIR investment	<u>8,080</u>
Totals	\$ <u>280,611</u>

State and federal receivables as of December 31, 2019, consists of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
State aid receivable	\$ 167,208	-	167,208
Federal aid receivable	<u>-</u>	<u>23,409</u>	<u>23,409</u>
Totals	\$ <u>167,208</u>	<u>23,409</u>	<u>190,617</u>

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

(3) Interfund Receivables, Payables and Transfers

The following is a summary of amounts due from and due to other funds as of December 31, 2019:

	Amount <u>receivable</u>	Amount <u>payable</u>
General fund	\$ 4,114,399	144,588
Capital projects fund	3,206,069	3,755,130
Nonmajor funds	-	9,490
Proprietary funds:		
Water	-	1,312,339
Sewer	-	1,996,871
Agency	<u>-</u>	<u>102,050</u>
Totals	\$ <u>7,320,486</u>	<u>7,320,486</u>
	<u>Transfers in</u>	<u>Transfers out</u>
General fund	\$ -	167,830
Capital projects fund	<u>167,830</u>	<u>-</u>
Totals	\$ <u>167,830</u>	<u>167,830</u>

(4) Capital Assets

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

	Balance January 1, <u>2019*</u>	<u>Additions</u>	Transfers/ <u>Disposals</u>	Balance December 31, <u>2019</u>
Governmental activities:				
Land	\$ 10,250,420	479,138	-	10,729,558
Buildings	5,576,023	9,717,966	-	15,293,989
Improvements	1,222,770	411,110	-	1,633,880
Machinery and equipment	11,111,246	713,818	(488,578)	11,336,486
Infrastructure	36,296,410	2,313,492	-	38,609,902
Construction in progress	<u>12,573,973</u>	<u>4,206,389</u>	<u>(12,825,470)</u>	<u>3,954,892</u>
Totals at historical cost	<u>77,030,842</u>	<u>17,841,913</u>	<u>(13,314,048)</u>	<u>81,558,707</u>
Less accumulated depreciation:				
Buildings	2,889,274	348,654	-	3,237,928
Improvements	802,289	56,232	-	858,521
Machinery and equipment	8,038,674	515,987	(487,939)	8,066,722
Infrastructure	<u>12,455,036</u>	<u>1,746,842</u>	<u>-</u>	<u>14,201,878</u>
Total accumulated depreciation	<u>24,185,273</u>	<u>2,667,715</u>	<u>(487,939)</u>	<u>26,365,049</u>
Governmental activities capital assets, net	\$ <u>52,845,569</u>	<u>15,174,198</u>	<u>(12,826,109)</u>	<u>55,193,658</u>

\* Restated as described in note 14.

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

(4) Capital Assets, Continued

	Balance January 1, <u>2019</u>	<u>Additions</u>	<u>Disposals</u>	Balance December 31, <u>2019</u>
Business-type activities:				
Land	\$ 1,061,955	-	-	1,061,955
Buildings	10,850,042	-	-	10,850,042
Improvements	12,382	-	-	12,382
Machinery and equipment	749,521	306,524	-	1,056,045
Infrastructure	22,416,093	295,626	-	22,711,719
Construction in progress	<u>1,716,230</u>	<u>5,903,653</u>	-	<u>7,619,883</u>
Totals at historical cost	<u>36,806,223</u>	<u>6,505,803</u>	-	<u>43,312,026</u>
Less accumulated depreciation:				
Buildings	8,253,691	128,601	-	8,382,292
Improvements	5,770	333	-	6,103
Machinery and equipment	300,868	98,396	-	399,264
Infrastructure	<u>7,162,110</u>	<u>715,756</u>	-	<u>7,877,866</u>
Total accumulated depreciation	<u>15,722,439</u>	<u>943,086</u>	-	<u>16,665,525</u>
Business-type capital assets, net	\$ <u>21,083,784</u>	<u>5,562,717</u>	-	<u>26,646,501</u>

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

General government support	\$ 187,286
Public safety	261,887
Transportation	1,958,971
Culture and recreation	175,706
Home and community services	<u>83,865</u>
Total governmental activities	2,667,715
Business-type activities	<u>943,086</u>
Total depreciation expense	\$ <u>3,610,801</u>

(5) Liabilities

(a) Bond Anticipation Notes Payable

Liabilities for bond anticipation notes (BANs) of governmental funds are generally accounted for in the capital projects fund, since maturities cannot exceed one year. However, state law allows the notes to be renewed up to five years for capital purposes and up to the period of probable usefulness for assessable improvements, provided that stipulated annual reductions of principal are made.

There were no BANs outstanding in the governmental funds or business-type activities at December 31, 2019.

On June 30, 2020, The City issued BANs in the amount of \$16,289,215 to finance various City improvements. The BANs carry an interest rate of 1.75% and are due June 30, 2021.

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

(5) Liabilities, Continued

(b) Long-Term Debt

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

(1) Changes

The changes in the City's indebtedness during the year ended December 31, 2019, are summarized as follows:

Governmental activities:

	Balance December 31, <u>2018</u>	<u>Increase</u>	<u>Decrease</u>	Balance December 31, <u>2019</u>	Amounts due within <u>one year</u>
Serial bonds	\$ 25,910,409	-	(2,045,463)	23,864,946	2,111,505
Landfill costs	72,000	-	(8,000)	64,000	8,000
Judgments and claims	60,000	-	-	60,000	-
Compensated absences	1,937,451	165,120	-	2,102,571	147,180
Total OPEB liability	43,858,483	2,207,464	-	46,065,947	-
Total pension liability - LOSAP	1,272,790	-	(91,634)	1,181,156	-
Net pension liabilities - proportionate share	<u>1,494,528</u>	<u>1,001,723</u>	<u>-</u>	<u>2,496,251</u>	<u>-</u>
Total	\$ <u>74,605,661</u>	<u>3,374,307</u>	<u>(2,145,097)</u>	<u>75,834,871</u>	<u>2,266,685</u>

Business-type activities:

	Balance December 31, <u>2018</u>	<u>Increase</u>	<u>Decrease</u>	Balance December 31, <u>2019</u>	Amounts due within <u>one year</u>
Serial bonds	\$ 16,751,927	-	(1,029,172)	15,722,755	1,053,493
Compensated absences	277,557	-	(39,427)	238,130	16,669
Total OPEB liability	8,245,345	423,395	-	8,668,740	-
Net pension liabilities - proportionate share	<u>152,521</u>	<u>188,986</u>	<u>-</u>	<u>341,507</u>	<u>-</u>
Total	\$ <u>25,427,350</u>	<u>612,381</u>	<u>(1,068,599)</u>	<u>24,971,132</u>	<u>1,070,162</u>

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

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

(5) Liabilities, Continued

(b) Long-Term Debt, Continued

(2) Description

Serial bonds payable as of December 31, 2019, are as follows:

Governmental activities:

<u>Purpose</u>	<u>Original issue date</u>	<u>Maturity date</u>	<u>Interest rate</u>	<u>Original amount of issue</u>	<u>Amount outstanding at December 31, 2019</u>
Public improvement	11/12/08	11/15/23	3.25-5.00%	\$ 6,135,000	2,035,000
Public improvement	03/15/11	08/15/20	2.00-4.00%	2,676,832	341,975
Public improvement	10/01/14	10/01/24	4.00-5.00%	5,942,700	3,467,706
Public improvement	05/15/16	05/15/39	2.00-3.00%	3,408,000	3,038,377
Public improvement	05/24/18	05/15/40	3.00-3.50%	<u>15,435,000</u>	<u>14,939,188</u>
				33,597,532	23,822,246
Deferred premium on bonds				<u>46,980</u>	<u>42,700</u>
Totals				\$ <u>33,644,512</u>	<u>23,864,946</u>

Business-type activities:

<u>Purpose</u>	<u>Original issue date</u>	<u>Maturity date</u>	<u>Interest rate</u>	<u>Original amount of issue</u>	<u>Amount outstanding at December 31, 2019</u>
Wastewater treatment	03/14/02	4/15/21	1.21-4.98%	\$ 2,356,000	285,000
Public improvement - water	03/15/11	8/15/20	2.00-4.00%	145,380	16,193
Public improvement - sewer	03/15/11	8/15/20	2.00-4.00%	597,680	76,830
Public improvement - water	10/01/14	10/1/24	4.00-5.00%	1,255,500	759,169
Public improvement - sewer	10/01/14	10/1/24	4.00-5.00%	1,171,800	673,128
Public improvement - water	05/15/16	5/15/39	2.00-3.00%	4,343,000	3,871,970
Public improvement - sewer	05/15/16	5/15/39	2.00-3.00%	7,324,000	6,529,653
Public improvement - sewer	05/24/18	5/15/40	3.00-3.50%	<u>3,617,000</u>	<u>3,500,812</u>
				20,810,360	15,712,755
Deferred premium on bonds				<u>11,010</u>	<u>10,000</u>
Totals				\$ <u>20,821,370</u>	<u>15,722,755</u>

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

(5) Liabilities, Continued

(b) Long-Term Debt, Continued

(3) Annual Amortization

The annual requirements to amortize bonded debt as of December 31, 2019, are as follows:

Year ending December 31,	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,111,505	731,797	2,843,302	1,053,493	412,933	1,466,426
2021	1,834,228	664,093	2,498,321	985,772	382,610	1,368,382
2022	1,882,177	611,225	2,493,402	852,823	360,843	1,213,666
2023	1,952,486	542,418	2,494,904	877,514	336,700	1,214,214
2024	1,445,103	482,629	1,927,732	894,897	316,584	1,211,481
2025-2029	3,885,180	2,003,873	5,889,053	3,159,821	1,338,714	4,498,535
2030-2034	4,487,324	1,406,024	5,893,348	3,567,676	937,430	4,505,106
2035-3039	5,256,113	627,276	5,883,389	4,093,887	366,525	4,460,412
2040	<u>968,130</u>	<u>16,941</u>	<u>985,071</u>	<u>226,872</u>	<u>3,970</u>	<u>230,842</u>
Totals	<u>\$ 23,822,246</u>	<u>7,086,276</u>	<u>30,908,522</u>	<u>15,712,755</u>	<u>4,456,309</u>	<u>20,169,064</u>

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

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

(6) Operating Leases

The City is committed under various leases for office and communication equipment. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended December 31, 2019 amounted to \$13,788. These leases run for a maximum term of up to five years with renewal or purchase options available to the City.

At December 31, 2019, the approximate future annual operating lease commitments, subject to appropriation of funds, were as follows:

<u>Year ending December 31,</u>	<u>Operating leases</u>
2020	\$ 13,705
2021	13,605
2022	13,035
2023	8,733
2024	<u>1,855</u>
	\$ <u>50,933</u>

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

(7) Due to Other Governments

The City collects unpaid property taxes and payments in lieu of taxes (PILOT) on behalf of the Beacon City School District and Dutchess County. At December 31, 2019, unpaid school taxes and interest of \$1,342,819 are due to the Beacon City School District and unpaid taxes of \$287,120 are due to Dutchess County. However, delinquent taxes and interest of \$943,455 have not yet been collected by the City and are included in Taxes Receivable.

(8) Pension Plans

(a) New York State and Local Retirement Systems

Plan Description

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

Funding Policy

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

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

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

At December 31, 2019, the City reported a liability of \$938,573 and \$1,899,185 for its proportionate share of the net ERS and PFRS pension liabilities, respectively. This amount is recorded as a long-term liability due to the NYS Retirement System. The net pension liability was measured as of March 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2018. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.



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

(8) Pension Plans, Continued

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

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

At March 31, 2019, the City's proportionate share of the ERS liability was 0.0132468%, and 0.1132447% of the PFRS liability. The City's proportionate share of the ERS liability increased 0.0001270 and the City's proportionate share of the PFRS liability decreased 0.0078147 from the March 31, 2018 measurement date.

For the year ended December 31, 2019, the City recognized pension expense of \$610,934 for ERS, and \$1,163,042 for PFRS in the statement of activities. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>ERS</u>		<u>PFRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 184,825	63,005	461,365	202,769
Changes of assumptions	235,919	-	690,024	-
Net difference between projected and actual investment earnings on pension plan investments	-	240,890	-	380,360
Changes in proportion and differences between the City's contributions and proportionate share of contributions	45,831	60,150	7,326	260,433
City's contributions subsequent to the measurement date	<u>377,571</u>	<u>-</u>	<u>774,944</u>	<u>-</u>
Total	\$ <u>844,146</u>	<u>364,045</u>	<u>1,933,659</u>	<u>843,562</u>

Total to financial statements:

	<u>ERS</u>		<u>PFRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Governmental activities	\$ 538,376	231,584	1,933,659	843,562
Water fund	130,772	58,050	-	-
Sewer fund	<u>174,998</u>	<u>74,411</u>	<u>-</u>	<u>-</u>
	\$ <u>844,146</u>	<u>364,045</u>	<u>1,933,659</u>	<u>843,562</u>

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

(8) Pension Plans, Continued

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

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

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending December 31,</u>	<u>ERS</u>	<u>PFRS</u>
2020	\$ 192,309	298,644
2021	(189,358)	(145,327)
2022	(20,419)	40,112
2023	119,998	179,112
2024	-	22,816

Actuarial Assumptions

The total pension liability for the March 31, 2019 measurement date was determined by using an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total pension liability to March 31, 2019. The actuarial valuation for ERS and PFRS used the following actuarial assumptions:

Inflation	2.5%
Salary increases	4.2% in ERS, 5.0% in PFRS
Investment rate of return (net of investment expense, including inflation)	7.0%
Cost of living adjustments	1.3%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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

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

(8) Pension Plans, Continued

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

	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Asset type:		
Domestic equity	36%	4.55%
International equity	14%	6.35%
Private equity	10%	7.50%
Real estate	10%	5.55%
Absolute return strategies (1)	2%	3.75%
Opportunistic portfolio	3%	5.68%
Real assets	3%	5.29%
Bonds and mortgages	17%	1.31%
Cash	1%	(0.25%)
Inflation - indexed bonds	<u>4%</u>	1.25%
	<u>100%</u>	

\* The real rate of return is net of the long-term inflation assumption of 2.50%.

(1) Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	1% Decrease ( <u>6.0%</u> )	Current Assumption ( <u>7.0%</u> )	1% Increase ( <u>8.0%</u> )
City's proportionate share of the net ERS pension asset (liability)	\$ (4,103,590)	(938,573)	1,720,266
City's proportionate share of the net PFRS pension asset (liability)	<u>(6,863,370)</u>	<u>(1,899,185)</u>	<u>2,246,486</u>
Total at December 31, 2019	\$ ( <u>10,966,960</u> )	<u>(2,837,758)</u>	<u>3,966,572</u>

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

(8) Pension Plans, Continued

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

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2019 were as follows:

	<u>Dollars in Millions</u>	
	<u>Employees’ Retirement System</u>	<u>Police and Fire Retirement System</u>
Employers’ total pension liability	\$ (189,803)	(34,128)
Fiduciary net position	<u>182,718</u>	<u>32,451</u>
Employers’ net pension liability	\$ <u>(7,085)</u>	<u>(1,677)</u>
Ratio of fiduciary net position to the employers’ total pension liability	96.3%	95.1%

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

Program Description

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

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

The information contained in this note is based on information for the City’s Service Award Program for the program year ended December 31, 2019, which is the most recent information available.

Participation, Vesting and Service Credit

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

Participants acquire a right to be paid a service award after earning credit for five (5) years of service, upon attaining the program’s entitlement age while an active volunteer, or becoming total and permanently disabled while an active volunteer. The program’s entitlement age is age 62. An active volunteer firefighter earns a year of Service Award

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

(8) Pension Plans, Continued

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

Program service credit for each calendar year after the establishment of the program in which he or she accumulated fifty (50) points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive Service Award Program service credit for five (5) years of active volunteer firefighting service rendered prior to the establishment of the program as an active volunteer firefighter member of the City of Beacon Fire Department.

Benefits

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

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

Fiduciary Investment and Control

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

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

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

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

(8) Pension Plans, Continued

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

Fiduciary Investment and Control, Continued

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

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

At the December 31, 2019 reporting date (most recent available), the following participants were covered by benefit terms.

<u>Group</u>	
Active participants	18
Inactive participants currently receiving benefits	13
Inactive participants entitled to but not yet receiving benefits	<u>28</u>
Total	<u>59</u>

Measurement of Total Pension Liability

The total pension liability at the December 31, 2018 measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

(8) Pension Plans, Continued

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

Discount Rate

The discount rate used to measure the total pension liability was 3.64%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody's Investors Service's, AA by Fitch, or AA by Standard & Poor's Rating Services.

Changes in the Total Pension Liability

Balance as of December 31, 2017 measurement date	\$ 1,272,790
Service cost	22,004
Interest on total pension liability	40,104
Changes of assumptions or other inputs	(94,957)
Differences between expected and actual experience	(7,405)
Benefit payments	<u>(51,380)</u>
Net change	<u>(91,634)</u>
Balance as of December 31, 2018 measurement date	\$ <u>1,181,156</u>

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

The following presents the total pension liability of the City as of the December 31, 2018 measurement date, calculated using the discount rate of 3.64%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1% lower (2.64%) or 1% higher (4.64%) than the current rate:

	1% Decrease (2.64%)	Current Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ <u>1,393,604</u>	<u>1,181,156</u>	<u>1,016,783</u>

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

For the year ended December 31, 2019, the City recognized pension expense of \$54,510.

Components of Pension Expense

Service cost	\$ 22,004
Interest on total pension liability	40,104
Changes of assumptions or other inputs	(11,125)
Differences between expected and actual experience	(2,661)
Pension plan administrative expenses	<u>6,188</u>
Total pension expenses	\$ <u>54,510</u>

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

(8) Pension Plans, Continued

(b) Volunteer Firefighter Length of Service Awards Program (LOSAP), Continued  
Components of Pension Expense, Continued

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 17,506	29,259
Changes of assumptions or other inputs	82,944	151,552
Benefit payments and administrative expenses subsequent to the measurement date	<u>51,428</u>	<u>-</u>
Total	\$ <u>151,878</u>	<u>180,811</u>

Deferred outflows of resources related to pensions resulting from City transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the reporting year ending December 31, 2020.

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

<u>Year ending December 31,</u>	
2020	\$ (13,786)
2021	(13,786)
2022	(13,786)
2023	(13,786)
2024	(13,786)
Thereafter	(11,431)

(9) Other Postemployment Benefits

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



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

(9) Other Postemployment Benefits, Continued

Employees covered by benefit terms

At December 31, 2019, the following employees were covered by the benefit terms:

Active plan participants	93
Inactive plan participants	<u>167</u>
Total	<u>260</u>

Total OPEB Liability

The Town's total OPEB liability of \$54,734,687, allocated \$46,065,947 to governmental activities, \$3,896,983 to the water fund and \$4,771,757 to the sewer fund, was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Rate of compensation increases	2.50%
Discount rate	2.75%

	Trend Rate Next Period	Ultimate Trend Rate	Year of Ultimate Trend Rate
Healthcare cost trend rates			
Pre-65 medical	6.750%	3.784%	2075
Post-65 medical	4.500%	3.784%	2075
Prescription drugs	7.000%	3.784%	2075
Medicare Part B premium	6.200%	3.784%	2075

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

Mortality rates were based on RPH-2014 Headcount-Weighted Mortality Tables and adjusted for mortality improvements with Scale MP-2019 on a generational basis.

Changes in the Total OPEB Liability

Total OPEB liability as of January 1, 2019	\$ 52,103,828
Changes for the year:	
Service cost	1,150,472
Interest on total OPEB liability	1,826,072
Differences between expected and actual experience	(6,976,153)
Changes of assumptions or other inputs	8,404,997
Benefit payments	<u>(1,774,529)</u>
Total changes	<u>2,630,859</u>
Total OPEB liability as of December 31, 2019	\$ <u>54,734,687</u>

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

(9) Other Postemployment Benefits, Continued

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current discount rate:

	1% Decrease (1.75%)	Discount Rate (2.75%)	1% Increase (3.75%)
Total OPEB liability	\$ <u>63,994,465</u>	<u>54,734,687</u>	<u>47,343,367</u>

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

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

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ <u>46,913,482</u>	<u>54,734,687</u>	<u>64,684,225</u>

For the year ended December 31, 2019, the City recognized OPEB expense of \$2,159,255. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	5,819,629
Changes of assumptions or other inputs	<u>7,011,596</u>	<u>4,188,204</u>
	\$ <u>7,011,596</u>	<u>10,007,833</u>
Total to financial statements:		
Governmental activities	\$ 5,901,118	8,422,818
Water Fund	499,209	712,535
Sewer Fund	<u>611,269</u>	<u>872,480</u>
Total	\$ <u>7,011,596</u>	<u>10,007,833</u>

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

<u>Year ending</u>	
2020	\$ (817,789)
2021	(817,789)
2022	(817,789)
2023	(788,829)
2024	236,877
Thereafter	7,582

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

(10) Landfill Remediation Liability

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

State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the site for thirty years after closure. This period began in 1997. For the year 2019, the City expended \$8,000 in landfill maintenance and monitoring costs. The estimated unfunded balance of postclosure costs of \$64,000 is recorded as landfill remediation liability, over the remaining 8 years; see long-term debt (note 5). The actual costs may be higher due to inflation, changes in technology, or changes in regulations.

(11) Tax Abatements

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

For the year ended December 31, 2019, the City abated city property taxes totaling \$15,020 under this authority, which including the following:

- A 52% real property tax abatement for the construction, maintenance and operation of a housing project for senior citizens of low income.

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

(12) Commitments and Contingencies

(a) Litigation

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

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

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

(12) Commitments and Contingencies, Continued

(b) State and Federal Assisted Programs

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

(13) New Reporting Standards

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

Statement No. 84 - Fiduciary Activities. Effective for fiscal years beginning after December 15, 2019.

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

Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period. Effective for fiscal years beginning after December 15, 2020.

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

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

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

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

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

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

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

(14) Restatement

During the year ended December 31, 2019, the City determined that certain amounts included as construction in progress had been reclassified to land in prior years but not removed from construction in progress. The effect of this restatement was:

Net position (deficit), as previously stated	\$ (8,733,648)
Restatement	<u>(540,128)</u>
Net position (deficit), as restated	\$ <u>(9,273,776)</u>

## REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BEACON, NEW YORK  
Required Supplementary Information  
Schedule of Revenue, Expenditures and Changes in Fund Balance -  
Budget and Actual - General Fund  
Year ended December 31, 2019

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenue:				
Real property taxes	\$10,964,181	10,964,181	10,903,896	(60,285)
Real property tax items	95,000	95,000	790,412	695,412
Non property tax items	4,691,000	4,691,000	4,987,248	296,248
Departmental income	1,249,235	1,256,763	1,398,591	141,828
Intergovernmental charges	209,627	209,627	126,848	(82,779)
Use of money and property	41,500	41,500	216,971	175,471
Licenses and permits	316,250	316,250	284,441	(31,809)
Fines and forfeitures	153,000	153,000	108,361	(44,639)
Sale of property and compensation for loss	81,000	101,203	242,798	141,595
Miscellaneous local sources	15,073	18,423	49,350	30,927
Interfund revenues	474,620	474,620	474,620	-
State aid	2,079,476	2,079,476	2,232,027	152,551
Federal aid	-	10,000	12,254	2,254
Total revenue	20,369,962	20,411,043	21,827,817	1,416,774
Appropriation of prior year's fund balance	464,573	563,673	-	(563,673)
Total revenue and appropriation of prior year's fund balance	20,834,535	20,974,716	21,827,817	853,101
Expenditures:				
General government support	2,828,438	2,600,061	2,445,555	154,506
Public safety	6,398,055	6,761,092	6,590,231	170,861
Transportation	1,984,913	1,908,319	1,751,490	156,829
Culture and recreation	721,460	730,615	655,740	74,875
Home and community services	1,331,645	1,404,605	1,328,212	76,393
Employee benefits	4,729,953	4,729,953	4,896,832	(166,879)
Debt service	2,840,071	2,840,071	2,840,071	-
Total expenditures	20,834,535	20,974,716	20,508,131	466,585
Excess of revenue and appropriation of prior year's fund balance over expenditures	-	-	1,319,686	1,319,686
Other financing uses - operating transfers out	-	-	(167,830)	(167,830)
Excess of revenue and appropriation of prior year's fund balance over expenditures and other financing uses	\$ -	-	1,151,856	1,151,856

CITY OF BEACON, NEW YORK  
Required Supplementary Information  
Schedule of City's Proportionate Share of the Net Pension Liability  
Year ended December 31, 2019

<u>ERS System</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The City's proportion of the net pension liability	0.0132468%	0.0131198%	0.0121427%	0.0126580%	0.0120469%
The City's proportionate share of the net pension liability	\$ 938,573	423,433	1,140,954	2,031,646	406,970
The City's covered payroll	\$3,833,625	3,563,541	3,647,850	3,421,431	3,253,830
The City's proportionate share of the net pension liability as a percentage of covered payroll	24.48%	11.88%	31.28%	59.38%	12.51%
Plan fiduciary net position as a percentage of the total pension liability	96.3%	98.2%	94.7%	90.7%	97.9%
<u>PFRS System</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The City's proportion of the net pension liability	0.1132447%	0.1210594%	0.1197326%	0.1223309%	0.1314506%
The City's proportionate share of the net pension liability	\$1,899,185	1,223,616	2,481,640	3,621,959	361,830
The City's covered payroll	\$4,824,181	4,343,747	4,479,457	4,357,633	4,088,698
The City's proportionate share of the net pension liability as a percentage of covered payroll	39.37%	28.17%	55.40%	83.12%	8.85%
Plan fiduciary net position as a percentage of the total pension liability	95.1%	96.9%	93.5%	90.2%	97.9%

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

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



CITY OF BEACON, NEW YORK  
Required Supplementary Information  
Schedule of City's Pension Contributions  
Year ended December 31, 2019

<u>ERS System</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 503,428	479,934	481,656	491,510	544,748
Contribution in relation to the contractually required contribution	<u>503,428</u>	<u>479,934</u>	<u>481,656</u>	<u>491,510</u>	<u>544,748</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$3,833,625	3,563,541	3,647,850	3,421,431	3,253,830
Contribution as a percentage of covered payroll	13.13%	13.47%	13.20%	14.37%	16.74%
<u>PFRS System</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$1,033,259	921,852	956,179	971,273	804,014
Contribution in relation to the contractually required contribution	<u>1,033,259</u>	<u>921,852</u>	<u>956,179</u>	<u>971,273</u>	<u>804,014</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$4,824,181	4,343,747	4,479,457	4,357,633	4,088,698
Contribution as a percentage of covered payroll	21.42%	21.22%	21.35%	22.29%	19.66%

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

CITY OF BEACON, NEW YORK  
Required Supplementary Information  
Schedule of Changes in the City's Total Pension Liability  
Length of Service Award Program  
December 31, 2019

Measurement Date as of December 31,	<u>2018</u>	<u>2017</u>
Total pension liability:		
Service cost	\$ 22,004	23,018
Interest on total pension liability	40,104	43,482
Changes of assumptions or other inputs	(94,957)	108,864
Differences between expected and actual experience	(7,405)	(30,251)
Benefit payments	<u>(51,380)</u>	<u>(42,660)</u>
Net change in total pension liability	(91,634)	102,453
Total pension liability - beginning	<u>1,272,790</u>	<u>1,170,337</u>
Total pension liability - ending	<u>\$1,181,156</u>	<u>1,272,790</u>
Covered payroll*	N/A	N/A
Total pension liability as a percentage of covered payroll	N/A	N/A

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

Notes to Required Supplementary Information

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

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

<u>2018</u>	<u>2017</u>
3.64%	3.16%

Trust assets - There are no assets accumulated in trust that meets the criteria in paragraph 4 of GASB Statement No. 73 to pay related benefits.

CITY OF BEACON, NEW YORK  
Required Supplementary Information  
Schedule of Changes in the City's Total OPEB Liability and Related Ratios  
December 31, 2019

Measurement Date as of December 31, Total OPEB liability:	<u>2019</u>	<u>2018</u>
Service cost	\$ 1,150,472	1,499,123
Interest on total OPEB liability	1,826,072	1,898,302
Differences between expected and actual experience	(6,976,153)	-
Changes of assumptions or other inputs	8,404,997	(6,296,536)
Benefit payments	<u>(1,774,529)</u>	<u>(1,696,886)</u>
Net change in total OPEB liability	<u>2,630,859</u>	<u>(4,595,997)</u>
Total OPEB liability - beginning	<u>52,103,828</u>	<u>56,699,825</u>
Net change in total OPEB liability - ending	<u>\$54,734,687</u>	<u>52,103,828</u>
Covered payroll	<u>\$ 9,443,539</u>	<u>9,149,118</u>
Total OPEB liability as a percentage of covered payroll	579.6%	569.5%

Notes to Required Supplementary Information

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

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

<u>2019</u>	<u>2018</u>
2.75%	3.71%

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beacon, New York (the City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 11, 2021.

Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

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

#### Purpose of this Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York  
February 11, 2021

## FORM OF BOND COUNSEL’S OPINION – SERIES A BONDS

June 29, 2021

City of Beacon  
County of Dutchess,  
State of New York

Re: City of Beacon, Dutchess County, New York  
\$5,016,250 Public Improvement (Serial) Bonds, 2021 Series A

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$5,016,250 Public Improvement (Serial) Bonds, 2021 Series A (the "Obligations"), of the City of Beacon, Dutchess County, State of New York (the "Obligor"), dated June 29, 2021, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of \_\_\_\_ and \_\_\_\_ hundredths per centum (\_\_\_\_%) per annum as to bonds maturing in each of the years 20\_\_ to 20\_\_, both inclusive, and at the rate of \_\_\_\_ per centum (\_\_\_\_%) per annum as to bonds maturing in each of the years 20\_\_ to 20\_\_, both inclusive payable on December 15, 2021 and semi-annually thereafter on June 15 and December 15, and maturing in the amount of \$\_\_\_\_ on June 15, 2022, \$\_\_\_\_ on June 15, 2023, \$\_\_\_\_ on June 15, 2024, \$\_\_\_\_ on June 15, 2025, \$\_\_\_\_ on June 15, 2026, \$\_\_\_\_ on June 15, 2027, \$\_\_\_\_ on June 15, 2028, \$\_\_\_\_ on June 15, 2029, \$\_\_\_\_ on June 15, 2030, \$\_\_\_\_ on June 15, 2031, \$\_\_\_\_ on June 15, 2032, \$\_\_\_\_ on June 15, 2033, \$\_\_\_\_ on June 15, 2034, and \$\_\_\_\_ on June 15, 2035.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

Orrick, Herrington & Sutcliffe LLP

## FORM OF BOND COUNSEL’S OPINION – SERIES B BONDS

June 29, 2021

City of Beacon  
County of Dutchess,  
State of New York

Re: City of Beacon, Dutchess County, New York  
\$17,789,469 Public Improvement (Serial) Bonds, 2021 Series B

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$17,789,469 Public Improvement (Serial) Bonds, 2021 Series B (the "Obligations"), of the City of Beacon, Dutchess County, State of New York (the "Obligor"), dated June 29, 2021, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of \_\_\_\_ and \_\_\_\_ hundredths per centum (\_\_\_\_%) per annum as to bonds maturing in each of the years 20\_\_ to 20\_\_, both inclusive, and at the rate of \_\_\_\_ per centum (\_\_\_\_%) per annum as to bonds maturing in each of the years 20\_\_ to 20\_\_, both inclusive payable on December 15, 2021 and semi-annually thereafter on June 15 and December 15, and maturing in the amount of \$\_\_\_\_ on June 15, 2022, \$\_\_\_\_ on June 15, 2023, \$\_\_\_\_ on June 15, 2024, \$\_\_\_\_ on June 15, 2025, \$\_\_\_\_ on June 15, 2026, \$\_\_\_\_ on June 15, 2027, \$\_\_\_\_ on June 15, 2028, \$\_\_\_\_ on June 15, 2029, \$\_\_\_\_ on June 15, 2030, \$\_\_\_\_ on June 15, 2031, \$\_\_\_\_ on June 15, 2032, \$\_\_\_\_ on June 15, 2033, \$\_\_\_\_ on June 15, 2034, \$\_\_\_\_ on June 15, 2035, \$\_\_\_\_ on June 15, 2036, \$\_\_\_\_ on June 15, 2037, \$\_\_\_\_ on June 15, 2038, \$\_\_\_\_ on June 15, 2039, \$\_\_\_\_ on June 15, 2040, \$\_\_\_\_ on June 15, 2041, \$\_\_\_\_ on June 15, 2042, \$\_\_\_\_ on June 15, 2043, \$\_\_\_\_ on June 15, 2044, \$\_\_\_\_ on June 15, 2045, \$\_\_\_\_ on June 15, 2046, \$\_\_\_\_ on June 15, 2047, \$\_\_\_\_ on June 15, 2048, \$\_\_\_\_ on June 15, 2049, \$\_\_\_\_ on June 15, 2050, and \$\_\_\_\_ on June 15, 2051.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.



In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

Orrick, Herrington & Sutcliffe LLP