

City of Mount Vernon, New York

Financial Statements and
Supplementary Information

Year Ended December 31, 2021

City of Mount Vernon, New York

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Independent Auditors' Report

The Honorable Mayor and the City Council
of the City of Mount Vernon, New York

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Mount Vernon, New York ("City") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

We did not audit the financial statements of the Mount Vernon Industrial Development Agency (a component unit), which represents 100% of the assets and revenues of the discretely presented component unit, for the year ended December 31, 2021. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for such component unit, is based solely on the report of the other auditor.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Discretely Presented Component Unit	Unmodified
General Fund	Unmodified
Community Development Fund	Unmodified
Capital Projects Fund	Unmodified
Water Fund	Qualified
Debt Service Fund	Unmodified
Aggregate Remaining Fund Information	Qualified

Qualified Opinions on Governmental Activities, Water Fund and Aggregate Remaining Fund Information

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs on the Governmental Activities, Water Fund and the Aggregate Remaining Fund Information, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Discretely Presented Component Unit, General Fund, Community Development Fund, Capital Projects Fund and Debt Service Fund

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the discretely presented component unit, General Fund, Community Development Fund, Capital Projects Fund and Debt Service Fund of the City, as of December 31, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

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

Matters Giving Rise to Qualified Opinion on Water Fund

The financial statements of the Water Fund did not disclose all known, actual or possible litigation and claims whose effects should be considered by management when preparing the financial statements. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America. Consequently, we were unable to determine the effect of the lack of litigation disclosure.

Matters Giving Rise to Qualified Opinion on Governmental Activities and Aggregate Remaining Fund Information

The City has reported a liability for compensated absences in the amount of \$5,039,608 on the Governmental Activities statement of net position at December 31, 2021. We were unable to obtain sufficient appropriate audit evidence surrounding this balance because the records were not being maintained properly and could not be compiled into a comprehensive and coherent format suitable for the audit. Consequently, we were unable to determine whether any adjustment to this amount was necessary.

Responsibilities of Management 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 and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,

forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedules included under the Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the

underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2026 on our consideration of the City's internal control over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

April 3, 2026



**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**

Independent Auditors' Report

**The Honorable Mayor and City Council
of the City of Mount Vernon, New York**

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Mount Vernon, New York ("City") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 3, 2026. Our report includes a reference to other auditors who audited the financial statements of the Mount Vernon Industrial Development Agency (a component unit), as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report includes a qualified opinion on the Governmental Activities, Water Fund and aggregate remaining fund information.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the schedule of findings and questioned costs included in the City's Single Audit reporting package as findings 2021-001, 2021-002, 2021-003, 2021-004 and 2021-005 to be material weaknesses.

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. We consider the deficiencies described in the schedule of findings and questioned costs included in the City's Single Audit reporting package as items 2021-006 and 2021-007 to be significant deficiencies.

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*.

We noted certain other matters that we reported to the management of the City in a separate letter.

City's Response to Findings

The City's response to the findings identified in our audit are described in the schedule of findings and questioned costs included in the City's Single Audit reporting package. The City's response was not subjected to the auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on it.

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.

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP
Harrison, New York
April 3, 2026

City of Mount Vernon, New York

Statement of Net Position
December 31, 2021

	Primary Government	Component Unit
	Governmental Activities	Industrial Development Agency
ASSETS		
Cash and equivalents	\$ 31,511,813	\$ 2,315,783
Cash - restricted	-	850,434
Receivables		
Taxes, net	24,137,438	435,498
Accounts, net	2,576,896	-
Water rents	7,541,146	-
State and Federal aid	4,745,090	-
Due from other governments	452,348	-
Mortgages, net	8,109,204	-
Other	-	335,905
Prepaid expenses	23,722	6,500
Capital assets		
Not being depreciated	5,730,931	245,000
Being depreciated, net	73,984,234	1,170,601
Total Assets	158,812,822	5,359,721
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	66,001,888	-
OPEB related	72,084,468	-
Total Deferred Outflows of Resources	138,086,356	-
LIABILITIES		
Accounts payable and accrued liabilities	32,078,866	100,095
Due to other governments	429,980	1,676,990
Due to school district	6,826,098	-
Due to fiduciary fund	224,926	-
Due to retirement systems	9,649,974	-
Deposits payable	1,250,557	830,434
Employee payroll deductions	596,376	-
Overpayments	2,417,772	-
Unearned revenues	17,457,278	30,138
Accrued interest payable	34,672	-
Non-current liabilities		
Due within one year	10,617,303	-
Due in more than one year	382,065,744	-
Total Liabilities	463,649,546	2,637,657
DEFERRED INFLOWS OF RESOURCES		
Pension related	70,467,330	-
OPEB related	41,706,856	-
Total Deferred Inflows of Resources	112,174,186	-
NET POSITION		
Net investment in capital assets	69,425,611	1,415,601
Restricted for		
Community development	8,241,457	-
Capital projects	3,131,066	-
Liability and casualty claims	1,931,451	-
Debt service	119,601	-
Industrial development agency	-	1,306,463
Unrestricted	(361,773,740)	-
Total Net Position	\$ (278,924,554)	\$ 2,722,064

The notes to financial statements are an integral part of this statement.

City of Mount Vernon, New York

Statement of Activities
Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government support	\$ 26,353,329	\$ 1,366,446	\$ 628,440	\$ -
Public safety	89,310,435	3,570,321	220,245	40,807
Health	376,500	-	76,953	-
Transportation	5,514,761	-	-	1,937,958
Economic opportunity and development	2,140,934	510	1,548,094	-
Culture and recreation	7,809,461	527,011	232,953	-
Home and community services	31,362,105	16,887,006	6,780,486	4,649,696
Interest	414,398	-	-	1,134
Total Governmental Activities				
Primary Government	<u>\$ 163,281,923</u>	<u>\$ 22,351,294</u>	<u>\$ 9,487,171</u>	<u>\$ 6,629,595</u>
Component unit				
Industrial Development Agency	<u>\$ 513,239</u>	<u>\$ 156,209</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues				
Real property taxes				
Other tax items				
Interest and penalties on real property taxes				
Payments in lieu of taxes				
Real estate transfer tax				
Non-property taxes				
Utilities gross receipts taxes				
Cable television franchise taxes				
Sales taxes				
Unrestricted use of money and property				
Unrestricted State aid				
Rental income				
Miscellaneous				
Total General Revenues				
Change in Net Position				
NET POSITION				
Beginning, as Reported				
Prior Period Adjustment				
Beginning, as Restated				
Ending				

The notes to financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position	
Primary Government	Component Unit
Governmental Activities	Industrial Development Agency
\$ (24,358,443)	\$ -
(85,479,062)	-
(299,547)	-
(3,576,803)	-
(592,330)	-
(7,049,497)	-
(3,044,917)	-
(413,264)	-
(124,813,863)	-
-	(357,030)
60,236,197	-
1,909,743	-
1,071,321	-
4,722,849	-
918,749	-
1,059,517	-
27,367,553	-
5,546	240
8,993,851	-
-	200,025
299,756	9,292
106,585,082	209,557
(18,228,781)	(147,473)
(260,324,510)	2,869,537
(371,263)	-
(260,695,773)	2,869,537
\$ (278,924,554)	\$ 2,722,064

City of Mount Vernon, New York

Balance Sheet
 Governmental Funds
 December 31, 2021

	General	Community Development	Capital Projects
ASSETS			
Cash and equivalents	\$ 24,703,644	\$ 979,319	\$ 4,618,553
Taxes receivable, net	24,137,438	-	-
Other receivables			
Accounts, net	2,243,417	-	-
Water rents	-	-	-
State and Federal aid	1,604,826	1,776,518	1,363,746
Due from other governments	452,348	-	-
Mortgages, net	-	8,109,204	-
Due from other funds	5,222,861	408,616	1,129,537
	<u>9,523,452</u>	<u>10,294,338</u>	<u>2,493,283</u>
Prepaid expenditures	-	23,722	-
Total Assets	<u>\$ 58,364,534</u>	<u>\$ 11,297,379</u>	<u>\$ 7,111,836</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 8,620,423	\$ -	\$ 269,303
Accrued liabilities	17,205,925	1,592,104	-
Due to other governments	429,980	-	-
Due to school district	6,826,098	-	-
Due to other funds	6,649,787	1,298,839	3,272,003
Due to fiduciary fund	224,926	-	-
Due to retirement systems	9,649,974	-	-
Deposits payable	1,250,557	-	-
Employee payroll deductions	596,376	-	-
Overpayments	2,417,772	-	-
Unearned revenues	17,206,163	141,257	109,858
Total Liabilities	<u>71,077,981</u>	<u>3,032,200</u>	<u>3,651,164</u>
Deferred inflows of resources			
Deferred tax revenues	21,450,267	-	-
Deferred mortgage principal repayments	-	8,109,204	-
Unavailable revenues - grants	-	-	553,069
Total Deferred Inflows of Resources	<u>21,450,267</u>	<u>8,109,204</u>	<u>553,069</u>
Total Liabilities and Deferred Inflows of Resources	<u>92,528,248</u>	<u>11,141,404</u>	<u>4,204,233</u>
Fund balances (deficits)			
Nonspendable	-	23,722	-
Restricted	193,026	132,253	2,907,603
Committed	-	-	-
Assigned	-	-	-
Unassigned	(34,356,740)	-	-
Total Fund Balances (Deficits)	<u>(34,163,714)</u>	<u>155,975</u>	<u>2,907,603</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 58,364,534</u>	<u>\$ 11,297,379</u>	<u>\$ 7,111,836</u>

The notes to financial statements are an integral part of this statement.

Water	Debt Service	Total Governmental Funds
\$ 1,210,297	\$ -	\$ 31,511,813
-	-	24,137,438
333,479	-	2,576,896
7,541,146	-	7,541,146
-	-	4,745,090
-	-	452,348
-	-	8,109,204
1,282,227	277,140	8,320,381
9,156,852	277,140	31,745,065
-	176,522	200,244
<u>\$ 10,367,149</u>	<u>\$ 453,662</u>	<u>\$ 87,594,560</u>
\$ 4,391,111	\$ -	\$ 13,280,837
-	-	18,798,029
-	-	429,980
-	-	6,826,098
1,805,299	334,061	13,359,989
-	-	224,926
-	-	9,649,974
-	-	1,250,557
-	-	596,376
-	-	2,417,772
-	-	17,457,278
6,196,410	334,061	84,291,816
-	-	21,450,267
-	-	8,109,204
-	-	553,069
-	-	30,112,540
6,196,410	334,061	114,404,356
-	176,522	200,244
1,931,451	-	5,164,333
1,470,580	-	1,470,580
768,708	-	768,708
-	(56,921)	(34,413,661)
4,170,739	119,601	(26,809,796)
<u>\$ 10,367,149</u>	<u>\$ 453,662</u>	<u>\$ 87,594,560</u>

City of Mount Vernon, New York

Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position December 31, 2021

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because

Fund Balances - Total Governmental Funds	<u>\$ (26,809,796)</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	5,730,931
Capital assets - depreciable	237,167,041
Accumulated depreciation	<u>(163,182,807)</u>
	<u>79,715,165</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	21,450,267
Departmental income	8,109,204
Grants	<u>553,069</u>
	<u>30,112,540</u>
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows - pension related	66,001,888
Deferred outflows - OPEB related	72,084,468
Deferred inflows - pension related	(70,467,330)
Deferred inflows - OPEB related	<u>(41,706,856)</u>
	<u>25,912,170</u>
Long-term liabilities that are not due and payable in the current period and, therefore are not reported in the funds.	
Accrued interest payable	(211,194)
General obligation bonds payable	(12,625,000)
Financed purchase debt payable	(2,045,000)
Claims payable	(11,130,507)
Net pension liability - ERS	(79,520)
Net pension liability - PFRS	(15,427,455)
Retirement incentives and other pension liabilities	(6,435,219)
Other post employment benefit liabilities payable	<u>(339,759,513)</u>
	<u>(387,713,408)</u>
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Premium on general obligation bonds	<u>(141,225)</u>
Net Position of Governmental Activities	<u><u>\$ (278,924,554)</u></u>

The notes to financial statements are an integral part of this statement.

City of Mount Vernon, New York

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2021

	General	Community Development	Capital Projects	Water
REVENUES				
Real property taxes	\$ 57,271,782	\$ -	\$ -	\$ -
Other tax items	7,703,913	-	-	-
Non-property taxes	29,345,819	-	-	-
Departmental income	6,804,487	-	-	-
Intergovernmental charges	896,767	-	-	-
Charges for services	-	-	-	10,931,261
Use of money and property	608,100	-	1,134	-
Licenses and permits	708,753	-	-	-
Fines and forfeitures	2,366,292	-	-	-
Sale of property and compensation for loss	133,452	-	-	-
State aid	9,634,726	453,520	949,467	-
Federal aid	5,923,165	1,903,115	1,127,282	-
Miscellaneous	310,754	99,807	40,807	160,661
Total Revenues	121,708,010	2,456,442	2,118,690	11,091,922
EXPENDITURES				
Current				
General government support	19,448,102	-	-	-
Public safety	43,584,774	-	-	-
Health	275,163	-	-	-
Transportation	1,884,126	-	-	-
Economic opportunity and development	1,366,397	-	-	-
Culture and recreation	4,606,993	-	-	-
Home and community services	11,827,478	2,652,485	-	10,220,991
Employee benefits	40,513,296	-	-	-
Capital outlay	-	-	6,281,031	682,281
Debt service				
Principal	250,000	-	-	-
Interest	-	-	-	-
Total Expenditures	123,756,329	2,652,485	6,281,031	10,903,272
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,048,319)</u>	<u>(196,043)</u>	<u>(4,162,341)</u>	<u>188,650</u>
OTHER FINANCING SOURCES (USES)				
Financed purchase debt issued	-	-	2,295,000	-
Transfers in	-	-	864,148	-
Transfers out	<u>(3,222,417)</u>	<u>-</u>	<u>(1,134)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(3,222,417)</u>	<u>-</u>	<u>3,158,014</u>	<u>-</u>
Net Change in Fund Balances	<u>(5,270,736)</u>	<u>(196,043)</u>	<u>(1,004,327)</u>	<u>188,650</u>
FUND BALANCES (DEFICITS)				
Beginning of Year, as Reported	(28,892,978)	723,281	3,911,930	3,982,089
Prior Period Adjustment	<u>-</u>	<u>(371,263)</u>	<u>-</u>	<u>-</u>
Beginning of Year, as Restated	<u>(28,892,978)</u>	<u>352,018</u>	<u>3,911,930</u>	<u>3,982,089</u>
End of Year	<u>\$ (34,163,714)</u>	<u>\$ 155,975</u>	<u>\$ 2,907,603</u>	<u>\$ 4,170,739</u>

The notes to financial statements are an integral part of this statement.

Debt Service	Total Governmental Funds
\$ -	\$ 57,271,782
-	7,703,913
-	29,345,819
-	6,804,487
-	896,767
-	10,931,261
-	609,234
-	708,753
-	2,366,292
-	133,452
-	11,037,713
-	8,953,562
-	612,029
-	<u>137,375,064</u>
-	19,448,102
-	43,584,774
-	275,163
-	1,884,126
-	1,366,397
-	4,606,993
-	24,700,954
-	40,513,296
-	6,963,312
1,875,000	2,125,000
482,968	482,968
<u>2,357,968</u>	<u>145,951,085</u>
<u>(2,357,968)</u>	<u>(8,576,021)</u>
-	2,295,000
2,359,403	3,223,551
-	(3,223,551)
<u>2,359,403</u>	<u>2,295,000</u>
<u>1,435</u>	<u>(6,281,021)</u>
118,166	(20,157,512)
-	(371,263)
<u>118,166</u>	<u>(20,528,775)</u>
<u>\$ 119,601</u>	<u>\$ (26,809,796)</u>

City of Mount Vernon, New York

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2021

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (6,281,021)</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay expenditures	6,638,855
Depreciation expense	<u>(5,559,605)</u>
	<u>1,079,250</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	2,964,415
Departmental income	4,160,594
Grants	<u>553,069</u>
	<u>7,678,078</u>
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized on the statement of activities.	
Financed purchase debt issued	(2,295,000)
Principal paid on financed purchase debt	250,000
Principal paid on general obligation bonds	<u>1,875,000</u>
	<u>(170,000)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	5,803
Claims payable	1,025,169
Changes in pension liabilities and related deferred outflows and inflows of resources	1,351,672
Retirement incentives and other pension liabilities	(711,644)
Other post employment benefit liabilities payable	(22,268,855)
Amortization of premium on bonds	<u>62,767</u>
	<u>(20,535,088)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (18,228,781)</u></u>

The notes to financial statements are an integral part of this statement.

City of Mount Vernon, New York

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 63,487,580	\$ 63,487,580	\$ 57,271,782	\$ (6,215,798)
Other tax items	4,650,000	4,650,000	7,703,913	3,053,913
Non-property taxes	24,900,000	24,900,000	29,345,819	4,445,819
Departmental income	4,238,630	4,238,630	6,804,487	2,565,857
Intergovernmental charges	1,180,000	1,180,000	896,767	(283,233)
Use of money and property	952,000	952,000	608,100	(343,900)
Licenses and permits	2,257,000	2,257,000	708,753	(1,548,247)
Fines and forfeitures	2,511,000	2,511,000	2,366,292	(144,708)
Sale of property and compensation for loss	2,378,500	2,378,500	133,452	(2,245,048)
State aid	9,632,122	9,632,122	9,634,726	2,604
Federal aid	770,000	770,000	5,923,165	5,153,165
Miscellaneous	141,159	141,159	310,754	169,595
Total Revenues	117,097,991	117,097,991	121,708,010	4,610,019
EXPENDITURES				
Current				
General government support	18,605,117	18,605,117	19,448,102	(842,985)
Public safety	43,265,716	43,265,716	43,584,774	(319,058)
Health	777,676	777,676	275,163	502,513
Transportation	2,835,818	2,835,818	1,884,126	951,692
Economic opportunity and development	1,108,136	1,108,136	1,366,397	(258,261)
Culture and recreation	3,983,459	3,983,459	4,606,993	(623,534)
Home and community services	9,663,342	9,663,342	11,827,478	(2,164,136)
Employee benefits	40,422,180	40,422,180	40,513,296	(91,116)
Debt service principal	250,000	250,000	250,000	-
Total Expenditures	120,911,444	120,911,444	123,756,329	(2,844,885)
Excess (Deficiency) of Revenues Over Expenditures	(3,813,453)	(3,813,453)	(2,048,319)	1,765,134
OTHER FINANCING SOURCES (USES)				
Transfers in	1,433,761	1,433,761	-	(1,433,761)
Transfers out	(2,386,644)	(2,386,644)	(3,222,417)	(835,773)
Total Other Financing Uses	(952,883)	(952,883)	(3,222,417)	(2,269,534)
Net Change in Fund Balance	(4,766,336)	(4,766,336)	(5,270,736)	(504,400)
FUND DEFICIT				
Beginning of Year	4,766,336	4,766,336	(28,892,978)	(33,659,314)
End of Year	\$ -	\$ -	\$ (34,163,714)	\$ (34,163,714)

The notes to financial statements are an integral part of this statement.

City of Mount Vernon, New York

Internal Service Fund - Compensated Absences
Statement of Net Position
December 31, 2021

ASSETS

Current assets

Due from other funds \$ 5,039,608

LIABILITIES

Current liabilities

Current portion of compensated absences 504,000

Noncurrent liabilities

Compensated absences, less current portion 4,535,608

Total Liabilities \$ 5,039,608

The notes to financial statements are an integral part of this statement.

City of Mount Vernon, New York

Internal Service Fund - Compensated Absences
Statement of Revenues, Expenses and
Changes in Net Position
Year Ended December 31, 2021

OPERATING REVENUES

Charges for services \$ 4,553

OPERATING EXPENSES

Employee benefits 4,553

Income from Operations -

NET POSITION

Beginning of Year -

End of Year \$ -

The notes to financial statements are an integral part of this statement.

City of Mount Vernon, New York

Internal Service Fund - Compensated Absences
Statement of Cash Flows
Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from other funds	\$ 4,553
Payments to employees	<u>(4,553)</u>
Net Cash from Operating Activities	-

CASH AND EQUIVALENTS

Beginning of Year	<u>-</u>
End of Year	<u><u>\$ -</u></u>

**RECONCILIATION OF INCOME FROM OPERATIONS TO
NET CASH FROM OPERATING ACTIVITIES**

Income from operations	\$ -
Adjustments to reconcile income from operations to net cash from operating activities	
Changes in assets and liabilities	
Due from other funds	4,553
Compensated absences	<u>(4,553)</u>
Net Cash from Operating Activities	<u><u>\$ -</u></u>

The notes to financial statements are an integral part of this statement.

City of Mount Vernon, New York

Statement of Fiduciary Net Position

Fiduciary Fund

December 31, 2021

	<u>Custodial Fund</u>
ASSETS	
Due from other funds	<u>\$ 224,926</u>
LIABILITIES	
Due to other governments	<u>\$ 224,926</u>

The notes to financial statements are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

The City of Mount Vernon, New York (“City”) was incorporated in 1892 and operates in accordance with its Charter and the various other applicable laws of the State of New York. The City functions under a Mayor/Comptroller/City Council form of government. The City Council is the legislative body responsible for overall operation. The Mayor serves as the chief executive officer and the Comptroller serves as the chief financial officer. The City provides the following services to its residents: public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The City’s significant accounting policies are described below:

A. Financial Reporting Entity

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

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the City’s reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, the following individual component unit is included in the City’s reporting entity because of its operational or financial relationship with the City.

The Mount Vernon Industrial Development Agency (“IDA”) is a public benefit corporation created by State legislation to promote the economic welfare, recreation opportunities and prosperity of the City’s inhabitants. Members of the IDA serve at the pleasure of the Mayor and, therefore, the City is considered able to impose its will on the IDA. IDA members have complete responsibility for management of the IDA and accountability for fiscal matters. The City is not liable for IDA bonds or notes. Since the IDA does not provide services entirely or almost entirely to the City, the financial statements of the IDA have been reflected as a discretely presented component unit.

Complete financial statements for the IDA can be obtained from their administrative office at the address indicated below:

City of Mount Vernon Industrial Development Agency
City Hall - Roosevelt Square
Mount Vernon, New York 10550

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole and its component unit. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. The primary government is reported separately from the legally separate component unit.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

While separate government-wide and fund financial statements are presented, they are interrelated. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Internal Service Fund are charges to other funds. Operating expenses for the Internal Service Fund includes certain employee benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

C. Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The City maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Internal service and fiduciary funds are reported by type. The City has elected to treat each governmental fund as a major fund as provided by the provisions of GASB Statement No. 34. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The City's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the City's major governmental funds.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Community Development Fund - The Community Development Fund is used to account for projects/programs financed by entitlements from the United States Department of Housing and Urban Development.

Water Fund - The Water Fund is used to account for the activities of the Mount Vernon Board of Water Supply. The Board of Water Supply was created by State legislation to provide for the supply of water to the residents of the City. The major revenue of this fund is charges to customers based on water consumption.

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

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

- b. Proprietary Funds - The Proprietary fund consists of an internal service fund. 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 established its Compensated Absences Fund as an internal service fund.
- c. Fiduciary Funds (Not Included in Government-Wide Financial Statements) – The Fiduciary Funds are used to account for assets held by the City in an agency capacity on behalf of others. The Custodial Fund is used to account for real property taxes collected for other governments.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the Internal Service Fund and Fiduciary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year

Note 1 - Summary of Significant Accounting Policies (Continued)

for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain claims, compensated absences, net pension liabilities, certain pension liabilities and other postemployment benefit liability are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Component Unit

The component unit is presented on the basis of accounting that most accurately reflects its activities. The IDA is accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash and Equivalents, Investments and Risk Disclosure

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

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

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

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions, and accordingly, the City's policy provides for no credit risk on investments.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Risk Disclosure

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

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the City's name. The City's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2021.

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

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

Restricted Cash - Component Unit – The amount represents cash held by the IDA for a specific purpose. Restricted cash amounted to \$850,434 as of December 31, 2021. The IDA has recorded a security deposit liability of \$830,434 for project deposits and \$20,000 is included in due to other governments for a non-IDA project deposit.

Property Taxes Receivable - City real property taxes attach as an enforceable lien on real property and are levied on January 1st. The City collects City, County and School District taxes. City taxes for the period January 1st to December 31st are levied and due on January 1st with the first half payable without penalty until January 31st and the second half payable without penalty until July 31st. County taxes are due April 1st and are payable without penalty until April 30th. School district taxes for the period July 1st to June 30th are levied on July 1st with the first half payable without penalty until July 31st and the second half payable without penalty until January 31st. The City guarantees the full payment of the County and School District warrants and assumes the responsibility for uncollected taxes. The City also has the responsibility for conducting in-rem foreclosure proceedings.

Note 1 - Summary of Significant Accounting Policies (Continued)

The City functions in both a fiduciary and guarantor relationship with the County of Westchester ("County") and the City School District of Mount Vernon ("School District") with respect to the collection and payment of real property taxes levied by such jurisdictions. The County Charter provides for the City to collect County taxes and remit them as collected. However, the City must remit to the County sixty percent of the amount levied by May 25th and the balance of forty percent on October 15th. With respect to School District taxes, New York State law provides that the City satisfy the warrant of the School District two years after February 20th of the fiscal year for which such taxes were levied. Thus, the City's fiduciary responsibility for school district taxes is from the date of the levy until two years after the above date, at which time the City will satisfy its obligations to the School District. Since the County tax warrant must be paid by October, uncollected County taxes have been accounted for in a manner similar to City taxes. The collection of School District taxes is deemed a financing transaction until the warrants are satisfied. County and school district taxes collected prior to the satisfaction of the respective warrants are considered a fiduciary activity under the provisions of GASB Statement No. 84, "Fiduciary Activities", and therefore have been accounted for within the Custodial Fund.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the City. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Mortgages Receivable - The City has outstanding mortgages receivable of \$8,109,204 at December 31, 2021. Mortgages are issued to qualifying small and minority businesses and for housing rehabilitation projects at or below market interest rates. Allowances are recorded when appropriate.

Due From/To Other Funds and Due From/To Fiduciary Fund - During the course of its operations, the City has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of December 31, 2021, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Prepaid expenses/expenditures consist of costs which have been satisfied prior to the end of the fiscal year, but represent amounts which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in governmental funds are equally offset by nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Inventories - Inventories in the Water Fund are valued at cost on a first-in, first-out basis and consist of certain expendable supplies held for consumption. The cost is recorded as inventory at the time individual items are purchased. The City uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets. Purchases of other inventory items are recorded as expenditures at the time of purchase and year-end balances are undeterminable. Refer to the Basis of Qualified Opinion on Water Fund paragraph in the independent auditors' report for further information regarding inventory.

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include certain items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and used an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

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

Land and construction-in-progress are not depreciated. Property, plant, equipment and infrastructure of the City are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Primary Government:	
Buildings	50
Improvements	20
Machinery and equipment	5-20
Vehicles	5-10
Infrastructure	40-60
Component Unit:	
Buildings	40
Machinery and Equipment	3

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

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenue consists of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City has reported unearned revenues of \$17,206,163 for various receipts in the General Fund, \$141,257 for various items in the Community Development Fund and \$109,858 for Federal and State aid in the Capital Projects Fund received in advance. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Note 1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The City reported deferred inflows of resources of \$21,450,267 for real property taxes in the General Fund, \$8,109,204 for mortgages receivable in the Community Development Fund and \$553,069 in the Capital Projects Fund for state aid not expected to be collected within one year of the subsequent fiscal year. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

The City also reported deferred outflows of resources and deferred inflows of resources in relation to its pension obligations and deferred inflows of resources in relation to its OPEB liability in the government-wide financial statement for governmental activities. These amounts are detailed in the discussion of the City's pension plans in Note 3E.

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

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

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such accumulated leave is reflected in the government-wide Statement of Net Position as current and long-term liabilities. Liabilities for compensated absences are recorded in both the governmental funds and the internal service fund. However, only the liability maturing through employee resignation or retirement is recorded in the governmental funds. The liability for compensated absences includes salary related payments, where applicable.

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

Other Postemployment Benefit Liability ("OPEB") - In addition to providing pension benefits, the City provides health care benefits for certain retired employees and their survivors. The financial

Note 1 - Summary of Significant Accounting Policies (Continued)

reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions".

Net Position - Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Restricted net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the City includes restricted for community development, capital projects, liability and casualty claims, debt service and industrial development agency.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The City Council is the highest level of decision making authority for the City that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these

Note 1 - Summary of Significant Accounting Policies (Continued)

funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the City Council.

Assigned fund balance, in the General Fund, represents amounts constrained either by the policies of the City Council for amounts assigned for balancing the subsequent year's budget or the City Comptroller for amounts assigned for encumbrances, workers' compensation benefits, tax certiorari claims, contractual labor settlements and capital projects. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive unassigned fund balance. For all governmental funds other than the General Fund, any deficit fund balance is reported as unassigned.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

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

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events Evaluation by Management

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, which date is April 3, 2026.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The City, in accordance with the City Charter, follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) On or before the nineteenth day of November, the Board of Estimate and Contract, which is comprised of the Mayor, Comptroller and President of the City Council, shall hold a public hearing on the proposed budget presenting a financial plan for conducting the affairs of the City for the ensuing fiscal year.
- b) After said public hearing, the Board of Estimate and Contract adopts the budget and submits it to the entire City Council for approval.
- c) The City Council then holds a second public hearing on the proposed budget.
- d) The City Council shall adopt the budget estimates as submitted or amended by December 5th, which shall then become the annual budget, and shall at the same time appropriate the amounts set forth in the budget as adopted and for the purposes stated therein.
- e) Formal budgetary integration is employed during the year as a management control device for the General and Debt Service funds.
- f) Budgets for General and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. However, for fiscal year ended December 31, 2021, the City did not present nor adopt a budget for the Debt Service Fund. The Capital Projects Fund is budgeted on a project basis. Annual budgets are not adopted for the Community Development and Water funds.
- g) The City Council has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require initial approval by the City Council and ultimate approval by the Board of Estimate and Contract. Any modifications to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also requires a similar approval process.
- h) Appropriations in General and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year, pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the City Council.

B. Property Tax Limitation

The amount that may be raised by the City for real property taxes in any fiscal year, for purposes other than for debt service on City indebtedness, is limited by the Constitution of the State of New York to two percent of the five year average full valuation of taxable real estate located within the City. For 2021, the maximum amount which could have been raised was \$107,907,653, which exceeded the levy subject to the tax limit by \$47,678,342, inclusive of the allowable exclusions of \$2,358,269 and the overlay to provide for uncollected taxes.

Note 2 - Stewardship, Compliance and Accountability (Continued)

In addition to this constitutional tax limitation, Chapter 97 of the Laws of 2011, as amended (“Tax Levy Limitation Law”), modified previous law by imposing a limit on the amount of real property taxes a local government may levy. The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof. The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the City to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelvemonth period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor with the result expressed as a decimal to four places. The City is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the City, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the City. The Common Council may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Common Council first enacts, by a vote of at least sixty percent of the total voting power of the Common Council, a local law to override such limit for such coming fiscal year.

C. Fund Deficits

The unassigned and total fund balance deficits in the General Fund of \$34,356,740 and \$34,163,714, respectively, arise in-part because of actual expenditures exceeding budgetary appropriations, along with actual revenues falling short of budgeted amounts.

D. Expenditures in Excess of Budget

The following categories of expenditures exceeded their budgetary provisions by the amounts indicated:

General Fund	
General government support:	
Law	\$ 967,829
Civil service	2,852
Building maintenance	91,903
Vehicle maintenance	61,069
Special items:	
Unallocated insurance	653,472
City-wide electricity charges	70,747
City-wide telephone charges	92,115
Judgments and claims	762,309
Tax certiorari payments	594,377
Tax abatements	20,161
Public safety:	
Jail	42,773
Fire Department	1,795,230

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2021

Note 2 - Stewardship, Compliance and Accountability (Continued)

General Fund <i>(continued)</i>	
Transportation:	
Street lighting	65,550
Economic opportunity and development:	
Youth board - Job training	294,821
Programs for the aging	157,885
Culture and recreation:	
Neighborhood facility center	37,558
Youth bureau	563,902
Youth centers	1,133,853
Home and community services:	
Refuse disposal	3,020,076
Employee benefits:	
Police and fire retirement	8,586,681
Workers' compensation benefits	382,784
Employee assistance program	3,000
Health and dental insurance	296,246
Transfers out - Capital Projects Fund	864,148

In addition, the entire General Fund is overexpended by \$3,680,658.

E. Prior Period Adjustment

The Agency's beginning fund balance as of December 31, 2020 was restated to record a prior period adjustment that resulted in a decrease of \$371,263. During the current year, management identified that employer contributions payable to the New York State Health Insurance Program ("NYSHIP") related to employee health insurance coverage for the period from August 2017 through December 2020 had not been accrued or remitted in the Agency's financial statements in prior years. Accordingly, the accompanying financial statements have been adjusted to recognize this liability and to reflect the cumulative effect of this error as a prior period adjustment to beginning fund balance.

F. Capital Projects Fund Projects Deficit

The individual project deficits in the Capital Projects Fund arises because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at December 31, 2021 consisted of the following:

City taxes	\$ 14,393,104
County taxes	5,997,863
Relevied water rents	774,938
School district taxes	12,034,884
Property acquired for taxes	3,961,671
	<hr/>
	37,162,460
Less - Allowance for uncollectible taxes	(13,025,022)
	<hr/>
	\$ 24,137,438
	<hr/>

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

B. Due From/To Other Funds

The composition of interfund balances at December 31, 2021 were as follows:

Fund	Due From	Due To
General	\$ 5,222,861	\$ 6,649,787
Community Development	408,616	1,298,839
Capital Projects	1,129,537	3,272,003
Water	1,282,227	1,805,299
Debt Service	277,140	334,061
Total Governmental Funds	8,320,381	13,359,989
Internal Service	5,039,608	-
	<u>\$ 13,359,989</u>	<u>\$ 13,359,989</u>

The composition of due from/to fiduciary fund at December 31, 2021 were as follows:

Fund	Due From	Due To
General	\$ -	\$ 224,926
Fiduciary	224,926	-
	<u>\$ 224,926</u>	<u>\$ 224,926</u>

The outstanding balances between funds results mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

C. Capital Assets

Changes in the City's capital assets are as follows:

Class	Balance January 1, 2021	Additions	Deductions	Balance December 31, 2021
Capital Assets, not being depreciated - Land	\$ 5,730,931	\$ -	\$ -	\$ 5,730,931

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

Class	Balance January 1, 2021	Additions	Deductions	Balance December 31, 2021
Capital Assets, being depreciated:				
Buildings	\$ 54,618,477	\$ -	-	\$ 54,618,477
Improvements	4,087,610	-	-	4,087,610
Machinery and equipment	15,078,957	2,295,000	-	17,373,957
Vehicles	22,615,606	3,278,590	-	25,894,196
Infrastructure	<u>134,127,536</u>	<u>1,065,265</u>	-	<u>135,192,801</u>
Total Capital Assets, being Depreciated	<u>230,528,186</u>	<u>6,638,855</u>	-	<u>237,167,041</u>
Less Accumulated Depreciation for:				
Buildings	35,197,262	1,348,049	-	36,545,311
Improvements	3,223,071	100,809	-	3,323,880
Machinery and equipment	13,652,484	523,140	-	14,175,624
Vehicles	18,923,104	1,144,048	-	20,067,152
Infrastructure	<u>86,627,281</u>	<u>2,443,559</u>	-	<u>89,070,840</u>
Total Accumulated Depreciation	<u>157,623,202</u>	<u>5,559,605</u>	-	<u>163,182,807</u>
Total Capital Assets, being Depreciated, net	<u>\$ 72,904,984</u>	<u>\$ 1,079,250</u>	<u>\$ -</u>	<u>\$ 73,984,234</u>
Capital Assets, Net	<u>\$ 78,635,915</u>	<u>\$ 1,079,250</u>	<u>\$ -</u>	<u>\$ 79,715,165</u>

Depreciation expense was charged to City functions and programs as follows:

Governmental Activities:	
General Government Support	\$ 439,019
Public Safety	756,724
Transportation	367,422
Culture and Recreation	639,803
Home and Community Services	<u>3,356,637</u>
Total	<u>\$ 5,559,605</u>

Capital Assets - Component Unit

Changes in the capital assets of the component unit were as follows:

Class	Balance January 1, 2021	Additions	Deductions	Balance December 31, 2021
Capital Assets, not being depreciated - Land	<u>\$ 245,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,000</u>
Capital Assets, being depreciated - Buildings	\$ 2,217,853	\$ -	\$ -	\$ 2,217,853
Less Accumulated Depreciation for - Buildings	<u>990,899</u>	<u>56,353</u>	-	<u>1,047,252</u>
Total Capital Assets, being depreciated, net	<u>\$ 1,226,954</u>	<u>\$ (56,353)</u>	<u>\$ -</u>	<u>\$ 1,170,601</u>
Component Unit - Capital Assets, net	<u>\$ 1,471,954</u>	<u>\$ (56,353)</u>	<u>\$ -</u>	<u>\$ 1,415,601</u>

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

D. Accrued Liabilities

Accrued liabilities at December 31, 2021 were as follows:

	Fund		Total
	General	Community Development	Governmental Funds
Payroll and Employee Benefits	\$ 14,157,297	\$ 258,166	\$ 14,415,463
Other	3,048,628	1,333,938	4,382,566
Total Accrued Liabilities	\$ 17,205,925	\$ 1,592,104	\$ 18,798,029

E. Long-Term Liabilities

The following table summarizes changes in the City's long-term liabilities for the year ended December 31, 2021:

	Balance January 1, 2021	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2021	Due Within One Year
Governmental Activities (inclusive of Internal Service Fund):					
General Obligation Bonds Payable:					
Capital construction	\$ 12,640,000	\$ -	\$ 1,670,000	\$ 10,970,000	\$ 1,725,000
Judgments and claims	1,860,000	-	205,000	1,655,000	210,000
	<u>14,500,000</u>	<u>-</u>	<u>1,875,000</u>	<u>12,625,000</u>	<u>1,935,000</u>
Plus					
Unamortized premium on bonds	203,992	-	62,767	141,225	-
	<u>14,703,992</u>	<u>-</u>	<u>1,937,767</u>	<u>12,766,225</u>	<u>1,935,000</u>
Financed Purchase Payable	-	2,295,000	250,000	2,045,000	260,571
Other Non-Current Liabilities:					
Claims Payable	12,155,676	67,493	1,092,662	11,130,507	1,639,280
Compensated Absences	5,044,161	-	4,553	5,039,608	504,000
Net Pension Liability - ERS	21,693,596	-	21,614,076	79,520	-
Net Pension Liability - PFRS	49,172,179	-	33,744,724	15,427,455	-
Retirement Incentives and Other Pension Liabilities	5,723,575	1,844,246	1,132,602	6,435,219	1,175,975
Other Postemployment Benefit Liabilities Payable	338,470,899	25,935,984	24,647,370	339,759,513	5,102,477
Total Other Non-Current Liabilities	432,260,086	27,847,723	82,235,987	377,871,822	8,421,732
Governmental Activities - Long-Term Liabilities	\$ 446,964,078	\$ 30,142,723	\$ 84,423,754	\$ 392,683,047	\$ 10,617,303

Each governmental fund's liability for compensated absences is liquidated by the Internal Service Fund, which is funded primarily by the General Fund. Financed purchase payable, claims, net pension liabilities, retirement incentives and other pension liabilities and other postemployment benefit liabilities are liquidated primarily by the General Fund. The City's indebtedness for general obligation bonds is satisfied by the Debt Service Fund, which is funded by the General Fund.

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

General Obligations Bonds Payable

General obligation bonds payable at December 31, 2021 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amount Outstanding at December 31, 2021
Various Public Improvements	2012	\$ 14,224,000	July, 2029	3.00 - 3.25 %	\$ 7,470,000
Various Public Improvements	2013	1,680,000	July, 2031	4.00	1,030,000
Tax Certiorari Obligations	2013	3,000,000	July, 2028	4.50 - 5.25	1,655,000
Refunding Bonds	2016	6,765,000	September, 2024	3.00	2,470,000
					<u>\$ 12,625,000</u>

Interest expenditures of \$482,968 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$398,251 was recorded in the government-wide financial statements for governmental activities.

Financed Purchases Payable

Financed payable at December 31, 2021 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amount Outstanding at December 31, 2021
Motorola	2021	\$ 2,295,000	October, 2028	3.79 %	<u>\$ 2,045,000</u>

Interest expense of \$16,147 was in the government-wide financial statements for governmental activities.

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of December 31, 2021 including interest payments of \$2,147,741 are as follows:

Year Ending December 31,	General Obligation Bonds		Financed Purchases		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,935,000	\$ 427,144	\$ 260,571	\$ 77,506	\$ 2,195,571	\$ 504,650
2023	1,985,000	365,044	270,448	67,630	2,255,448	432,674
2024	2,055,000	300,744	280,697	57,380	2,335,697	358,124
2025	1,245,000	234,206	291,336	46,741	1,536,336	280,947
2026	1,290,000	191,206	302,378	35,700	1,592,378	226,906
2027-2031	4,115,000	307,856	639,570	36,584	4,754,570	344,440
	<u>\$ 12,625,000</u>	<u>\$ 1,826,200</u>	<u>\$ 2,045,000</u>	<u>\$ 321,541</u>	<u>\$ 14,670,000</u>	<u>\$ 2,147,741</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.

Note 3 - Detailed Notes on All Funds (Continued)

Legal Debt Margin

The City is subject to legal limitations on the amount of debt that it may issue. The City's legal debt margin is 7% of the five year average full valuation of taxable real property.

Claims Payable

The government-wide financial statements reflect self-insured portions of general liability and workers' compensation claims, which are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported ("IBNR's"). The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience.

An analysis of the activity of unpaid claim liabilities is as follows:

	2021		2020	
	Workers' Compensation	General Liability	Workers' Compensation	General Liability
Unpaid Claims - Beginning of Year	\$ 3,964,717	\$ 2,002,455	\$ 3,457,194	\$ 2,205,489
Incurred Claims including IBNR's	920,711	48,341	583,086	138,152
Claims Paid and Adjustments	(1,025,387)	(67,275)	(75,563)	(341,186)
Unpaid Claims - End of Year	<u>\$ 3,860,041</u>	<u>\$ 1,983,521</u>	<u>\$ 3,964,717</u>	<u>\$ 2,002,455</u>
Due Within One Year	<u>\$ 386,004</u>	<u>\$ 198,352</u>	<u>\$ 396,472</u>	<u>\$ 220,245</u>

The City has restricted \$193,026 of the fund balance of the General Fund for workers' compensation benefits. The City has also restricted \$1,931,451 of the fund balance of the Water Fund for liability and casualty claims.

Claims payable also includes a liability of \$5,286,945 for court ordered tax certiorari refunds (\$1,054,924 due within one year), which were not due and payable at year-end. This amount has been recorded in the government-wide financial statements.

Compensated Absences

Vacation time is generally taken in the year earned but can be carried over to succeeding years, subject to limitations as provided in the respective collective bargaining agreements and the City code. Employees are allowed to accumulate sick and terminal leave up to a maximum depending upon the contract. Payments for accumulated sick and terminal leave are dependent upon the length of service or accumulated days. At December 31, 2021, the value of such accumulated leave was

Note 3 - Detailed Notes on All Funds (Continued)

reflected in the Compensated Absences Internal Service Fund. Refer to the Independent Auditors' Report for additional information on Compensated Absences.

Pension Plans

New York State and Local Retirement System

The City participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") which are collectively referred to as the New York State and Local Retirement System ("System"). These are cost-sharing, multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The City also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2021 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I 41J	21.6%
	2 75I 41J	19.7
	3 A14 41J	16.1
	4 A15 41J	16.1
	5 A15 41J	13.4
	6 A15 41J	9.6
PFRS	2 375I	18.6
	2 384	21.6
	2 384D	25.6
	3 384F	23.4
	5 384D	21.0
	5 384F	18.8
	6 384D	15.7

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

At December 31, 2021, the City reported the following for its proportionate share of the net pension liability for ERS and PFRS:

	<u>ERS</u>	<u>PFRS</u>
Measurement Date	March 31, 2021	March 31, 2021
Net pension liability	\$ 79,520	\$ 15,427,455
City's proportion of the net pension liability	0.0798600%	0.8885371%
Change in proportion since the prior measurement date	(0.0020626%)	(0.0314396%)

The net pension liability was measured as of March 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members.

For the year ended December 31, 2021, the City recognized pension expense in the government-wide financial statements of \$1,928,256 for ERS and \$8,073,826 for PFRS. Pension expenditures of \$3,471,289 for ERS and \$7,882,465 for PFRS were recorded in the fund financial statements and were charged to the following funds:

<u>Fund</u>	<u>ERS</u>	<u>PFRS</u>
General	\$ 3,103,043	\$ 7,882,465
Community Development	75,646	-
Water	292,600	-
	<u>\$ 3,471,289</u>	<u>\$ 7,882,465</u>

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

	<u>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	\$ 971,152	\$ -	\$ 3,423,271	\$ -
Changes of assumptions	14,621,123	275,759	37,903,590	-
Net difference between projected and actual earnings on pension plan investments	-	22,842,764	-	45,363,529
Changes in proportion and differences between City contributions and proportionate share of contributions	331,029	217,882	355,567	1,767,396
City contributions subsequent to the measurement date	2,608,374	-	5,787,782	-
	<u>\$ 18,531,678</u>	<u>\$ 23,336,405</u>	<u>\$ 47,470,210</u>	<u>\$ 47,130,925</u>

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,394,423	\$ -
Changes of assumptions	52,524,713	275,759
Net difference between projected and actual earnings on pension plan investments	-	68,206,293
Changes in proportion and differences between City contributions and proportionate share of contributions	686,596	1,985,278
City contributions subsequent to the measurement date	8,396,156	-
	<u>\$ 66,001,888</u>	<u>\$ 70,467,330</u>

\$2,608,374 and \$5,787,782 reported as deferred outflows of resources related to ERS and PFRS, respectively, resulting from the City's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and PFRS will be recognized in pension expense as follows:

Year Ended March 31,	ERS	PFRS
2022	\$ (1,284,550)	\$ (2,117,794)
2023	(447,388)	(407,956)
2024	(1,250,392)	(1,915,004)
2025	(4,430,771)	(8,334,256)
2026	-	7,326,513
Thereafter	-	-
	<u>\$ (7,413,101)</u>	<u>\$ (5,448,497)</u>

The total pension liability for the ERS and PFRS measurement date was determined by using an actuarial valuation date as noted below, with update procedures used to roll forward the total pension liabilities to that measurement date. Significant actuarial assumptions used in the valuation were as follows:

	ERS	PFRS
Measurement Date	March 31, 2021	March 31, 2021
Actuarial valuation date	April 1, 2020	April 1, 2020
Investment rate of return	5.9% *	5.9% *
Salary scale	4.4%	6.2%
Inflation rate	2.7%	2.7%
Cost of living adjustments	1.4%	1.4%

*Compounded annually, net of pension plan investment expenses, including inflation.

Note 3 - Detailed Notes on All Funds (Continued)

Annuitant mortality rates are based on the System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected return, net of investment expenses 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.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation is summarized in the following table.

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	32 %	4.05 %
International Equity	15	6.30
Private Equity	10	6.75
Real Estate	9	4.95
Opportunistic/ARS Portfolio	3	4.50
Credit	4	3.63
Real Assets	3	5.95
Fixed Income	23	0.00
Cash	1	0.50
	<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.7%.

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those 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.

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

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

	1% Decrease (4.9%)	Current Discount Rate (5.9%)	1% Increase (6.9%)
City's proportionate share of the ERS net pension liability (Asset)	<u>\$ 22,071,615</u>	<u>\$ 79,520</u>	<u>\$ (20,202,339)</u>
City's proportionate share of the PFRS net pension liability (Asset)	<u>\$ 65,606,234</u>	<u>\$ 15,427,455</u>	<u>\$ (26,107,606)</u>

The components of the collective net pension liability as of the March 31, 2021 measurement date were as follows:

	ERS	PFRS	Total
Total pension liability	\$ 220,680,157,000	\$ 41,236,775,000	\$ 261,916,932,000
Fiduciary net position	<u>220,580,583,000</u>	<u>39,500,500,000</u>	<u>260,081,083,000</u>
Employers' net pension liability	<u>\$ 99,574,000</u>	<u>\$ 1,736,275,000</u>	<u>\$ 1,835,849,000</u>
Fiduciary net position as a percentage of total pension liability	<u>99.95%</u>	<u>95.79%</u>	<u>99.30%</u>

Employer contributions to ERS and PFRS are paid annually and cover the period through the end of the System's fiscal year, which is March 31st. Accrued retirement contributions as of December 31, 2021 represent the employer contribution for the period of April 1, 2021 through December 31, 2021 based on prior year ERS and PFRS wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS and PFRS for the nine months ended December 31, 2021 were \$2,608,374 and \$5,787,782, respectively.

Voluntary Defined Contribution Plan

The City also offers a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the City will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Retirement Incentives and Other Pension Obligations

The State Legislature enacted Chapter 57 of the Laws of 2010. This chapter authorized local governments, at their option, to amortize a portion of their respective ERS and PFRS contributions beginning in 2010. The maximum amortization amount each year going forward will be determined by the difference between each employer's effective contribution rate as compared to the System's overall graded rate. The amortized amounts are to be paid in equal annual installments over a ten year period, although amounts may be prepaid at any time. Interest will be charged at rates which approximate a market rate of return on taxable fixed rate securities of a comparable duration and will be adjusted annually. The City elected to amortize the maximum allowable ERS and PFRS contributions for the years noted in the table below.

Legislation enacted as part of the 2013-14 New York State adopted budget as Chapter 57 of the Laws of 2013 established an alternative to the original Contribution Stabilization Program enacted in 2010. This Alternate Contribution Stabilization Program ("ACSP") authorized local governments,

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

at their option, to defer payment on a portion of their annual ERS and PFRS contributions beginning in the 2013 fiscal year. The maximum amortization amount in each year going forward under this alternate plan will be determined by the difference between each employer’s normal effective contribution rate as compared to the System’s ACSP graded rate. The graded rate will always move from the previous graded rate towards the new actuarial rate by no more than .5% per year. Any amounts amortized under this program are to be paid in equal annual installments over a twelve year period, although amounts may be prepaid at any time. The interest rate on an amount amortized in a given year will be the interest rate for that year and will be fixed for the duration of that payment period. The interest rate will be comparable to a twelve year US Treasury bond plus 1%. If the System’s average actuarial rates are lower than the employer’s graded rate, the employer would still be required to pay the graded rate. Any additional contributions made as a result will first be used to pay off existing amortizations with any excess being deposited into a reserve account to be used to offset future increases in contribution rates. The City elected to amortize the maximum allowable ERS and PFRS contributions for the 2021 fiscal year. The current year cost and balance due are noted in the table below.

	Original Amount Amortized	Current Year Payments	Principal Balance Due	Principal Due Within One Year
2011 ERS	\$ 868,074	\$ 105,698	\$ -	\$ -
2011 PFRS	212,999	25,935	-	-
2012 ERS	1,134,113	132,952	129,079	129,079
2012 PFRS	1,287,368	150,919	146,523	146,523
2013 ERS	1,340,496	140,851	514,180	121,518
2013 PFRS	2,345,883	246,491	899,819	212,657
2014 ERS	1,335,823	138,236	624,146	116,391
2014 PFRS	1,200,104	124,191	560,732	104,566
2015 ERS	1,012,416	103,601	555,503	85,214
2015 PFRS	111,682	11,428	61,279	9,400
2018 PFRS	930,151	95,182	659,499	73,353
2019 ERS	85,534	9,109	67,756	6,405
2019 PFRS	470,184	50,070	372,457	35,209
2022 ERS	267,722	-	267,722	19,693
2022 PFRS	1,576,524	-	1,576,524	115,967
	<u>\$ 14,179,073</u>	<u>\$ 1,334,663</u>	<u>\$ 6,435,219</u>	<u>\$ 1,175,975</u>

The current year payments were charged to retirement expenditures in the General Fund.

Other Postemployment Benefit Obligations (“OPEB”)

In addition to providing pension benefits, the City provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the City may vary according to length of service. The cost of providing postemployment health care benefits is shared between the City and the retired employee as noted below. Substantially all of the City’s employee’s may become eligible for those benefits if they reach normal retirement age while working for the City. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions”, so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

City of Mount Vernon, New York

Notes to Financial Statements (Continued)

December 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

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

Inactive employees currently receiving benefit payments	362
Active Employees	<u>765</u>
	<u>1,127</u>

The City's total OPEB liability of \$339,759,513 was measured as of December 31, 2021.

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.00%
Discount rate	2.25%
Healthcare cost trend rates	8.0% for 2021, decreasing by 0.5% per year to an ultimate rate of 5% for 2027 and later years
Retirees' share of benefit-related costs	Varies from 0% to 10%, depending on applicable retirement year and bargaining unit

The discount rate was based on a review of the yield derived from the S&P Municipal Bond 20-year High Grade Rate Index, as of December 31, 2021.

Mortality rates were in accordance with the SOA RP-2014 Total Dataset. Mortality improvements are projected using SOA Scale MP-2020.

The City's change in the total OPEB liability for the year ended December 31, 2021 is as follows:

Total OPEB Liability - Beginning of Year	\$ 338,470,899
Service cost	16,560,226
Interest	6,483,249
Changes of benefit terms	-
Differences between expected and actual experience	2,892,509
Changes in assumptions or other inputs	(19,544,893)
Benefit payments	<u>(5,102,477)</u>
Total OPEB Liability - End of Year	<u>\$ 339,759,513</u>

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 (1.25%) or 1 percentage point higher (3.25%) than the current discount rate:

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
Total OPEB Liability	<u>\$ 413,176,992</u>	<u>\$ 339,759,513</u>	<u>\$ 278,753,053</u>

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 healthcare cost trend rates that are 1 percentage point lower (7.0% decreasing to 4.0%) or 1 percentage point higher (9.0% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (7.0% decreasing to 4.0%)	Current Health Cost Trend Rates (8.0% decreasing to 5.0%)	1% Increase (9.0% decreasing to 6.0%)
Total OPEB Liability	<u>\$ 274,021,822</u>	<u>\$ 339,759,513</u>	<u>\$ 428,368,202</u>

For the year ended December 31, 2021, the City recognized OPEB expense of \$27,668,628 in the government-wide financial statements. At December 31, 2021, 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
Changes of assumptions or other inputs	\$ 58,695,191	\$ 25,228,404
Differences between expected and actual experience	<u>13,389,277</u>	<u>16,478,452</u>
	<u>\$ 72,084,468</u>	<u>\$ 41,706,856</u>

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

Year Ended December 31,	
2022	\$ 4,327,857
2023	4,327,857
2024	4,327,855
2025	10,159,017
2026	9,613,938
2027	<u>(2,378,912)</u>
	<u>\$ 30,377,612</u>

Note 3 - Detailed Notes on All Funds (Continued)

F. Revenues and Expenditures

Interfund Transfers

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without the equivalent flow of assets in return. The interfund transfers reflected below have been reflected as transfers:

Transfer Out	Transfers In		Total
	Capital Projects Fund	Debt Service Fund	
General Fund	\$ 864,148	\$ 2,358,269	\$ 3,222,417
Capital Projects Fund	-	1,134	1,134
	<u>\$ 864,148</u>	<u>\$ 2,359,403</u>	<u>\$ 3,223,551</u>

Transfers are used to 1) move funds from the General Fund to the Debt Service Fund as debt service principal and interest payments become due and 2) move amounts earmarked in the operating funds to fulfill commitments for Capital Projects Fund expenditures.

G. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Community Development - the component of net position that reports the difference between assets and liabilities of the Community Development Funds with constraints placed on their use by the United States Department of Housing and Urban Development.

Restricted for Capital Projects - the component of net position that reports the amounts restricted for capital projects less unexpended bonds proceeds and unrestricted interest earnings.

Restricted for Liability and Casualty Claims - the component of net position that has been established to set aside funds to be used for the payment of future claims made upon the Board of Water Supply of the City of Mount Vernon, New York in accordance with Section 6n of the General Municipal Law of the State of New York.

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by Local Finance Law.

Restricted for Industrial Development Agency - component unit - the component of net position that represents funds restricted for acquiring or constructing various business and recreational facilities and advance job opportunities, health, general prosperity and economic welfare of the people of the City.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2021

Note 3 - Detailed Notes on All Funds (Continued)

H. Fund Balances

	General Fund	Community Development Fund	Capital Projects Fund	Water Fund	Debt Service Fund	Total
Nonspendable:						
Prepaid expenditures	\$ -	\$ 23,722	\$ -	\$ -	\$ 176,522	\$ 200,244
Restricted:						
Workers' compensation benefits	193,026	-	-	-	-	193,026
Capital projects	-	-	2,907,603	-	-	2,907,603
Liability and casualty claims	-	-	-	1,931,451	-	1,931,451
Community development purposes	-	132,253	-	-	-	132,253
Total Restricted	193,026	132,253	2,907,603	1,931,451	-	5,164,333
Committed:						
Additions, betterments and replacements	-	-	-	926,721	-	926,721
Maintenance of water supply system	-	-	-	543,859	-	543,859
Total Committed	-	-	-	1,470,580	-	1,470,580
Assigned:						
Water Fund	-	-	-	768,708	-	768,708
Unassigned:						
Future claims	2,273,017	-	-	-	-	2,273,017
Unassigned	(36,629,757)	-	-	-	(56,921)	(36,686,678)
Total Unassigned	(34,356,740)	-	-	-	(56,921)	(34,413,661)
Total Fund Balances (Deficits)	\$ (34,163,714)	\$ 155,975	\$ 2,907,603	\$ 4,170,739	\$ 119,601	\$ (26,809,796)

Certain elements of fund balance are described above. Those additional elements which are not reflected in the statement of net position but are reported in the governmental funds balance sheet are described below.

Prepaid Expenditures has been established to account for certain payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

The amounts restricted for Workers' Compensation Benefits have been established to set aside funds to be used for a specific purpose in accordance with Section 6j of the General Municipal Law of the State of New York.

The amounts committed for Additions, Betterments and Replacements, established by the City Council, is used to segregate a portion of fund balance to be utilized for additions, betterments and replacements of property and equipment. The City Council legislation permits the members of the Board of Water Supply to set aside \$250,000 per year up to a maximum of \$1,000,000.

The amounts committed for Maintenance of Water Supply System, established by the City Council, is used to segregate a portion of fund balance to be utilized for work to be performed on the water supply system. The City Council legislation permits the members of the Board of Water Supply to set aside \$200,000 per year up to a maximum of \$1,000,000.

Purchases on order are assigned and represent the City's intention to honor the contracts in process at year-end. The subsequent year's appropriations will be amended to provide authority to complete the transactions.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The City, in common with other municipalities, receives notices of claims for money damages occurring from false arrest, civil rights violations, wrongful death, property damage, negligence, personal injury, improper practice charges, wrongful termination and employment discrimination. The filing of such claims commences a statutory period for initiating judicial action. Currently, the City is a defendant in numerous actions with varying degrees of monetary exposure ranging from \$100,000 to \$29,000,000 per case. Certain cases were adjudicated against the City; however, the City continues to vigorously defend these cases and has filed its appeals when deemed appropriate. The City's claims administrator has reviewed the status of the cases and has determined the City's exposure has been reflected in the government-wide financial statements.

The Board of Water Supply ("Water Fund"), established by State legislation to provide water services to residents of the City, issues separately audited financial statements. The independent auditors' report on the Water Fund's financial statements includes a qualified opinion related to the completeness of disclosures of known, actual, or possible litigation and claims whose effects should be considered by management, as required by accounting principles generally accepted in the United States of America.

The City is also defendant in numerous tax certiorari proceedings, the results of which generally require tax refunds on the part of the City. Any refunds resulting from adverse settlements will be funded in the year in which the expenditure is incurred.

B. Other Contingencies

The City participates in various Federal grant programs, principal of which are programs of the U.S. Department of Housing and Urban Development. These programs are subject to program compliance audits pursuant to the Uniform Guidance. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, to be immaterial.

During the fiscal year, the Agency determined that certain loans issued under the Community Development Block Grant ("CDBG") program were uncollectible due to borrower defaults, including business closures and financial hardship. As a result, these loans were formally written off after obtaining Board approval. While these actions were taken in 2025, the Agency recognizes that federal program requirements under the CDBG program are subject to oversight and interpretation by the U.S. Department of Housing and Urban Development ("HUD"). Accordingly, there is a possibility that HUD could review the circumstances surrounding the loan write-offs and determine that reimbursement of program funds is necessary. At this time, no formal notice or finding has been received from HUD, and the outcome of any future review cannot be reasonably estimated.

C. Risk Management

The City purchases conventional insurance coverages to reduce its exposure to loss. The City purchases property insurance on a replacement cost basis. The City maintains general, law enforcement and auto liability insurance with limits of \$7million, excess of a self-insured retention ("SIR"). From 2010 to the present, the City has a \$350,000 SIR, except for the 2014/15 policy year which had an SIR of \$250,000. The City also maintains public officials' liability/employment practice liability insurance with coverage of \$8 million, excess an SIR of \$100,000 per claim. The City purchases excess workers' compensation coverage, excess of \$700,000 SIR. All open or paid claims have not exceeded the coverage limits in any of the past three fiscal years.

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2021

Note 5 - Additional Disclosure

Mount Vernon Housing Authority

The Mount Vernon Housing Authority ("Authority") operated a 500 unit five building housing complex known as Levister Towers. Unpaid real property taxes, excluding penalties and interest, due the City dating back to 1987 totaled \$2,607,585. The Authority was also obligated to the City for unpaid utilities charges totaling \$858,000.

On July 17, 2001, the Authority sold its property to a private developer. Under the terms of the sale, the developer entered into an installment agreement with the City that provided for the repayment of the outstanding property taxes and utilities charges over a ten year period, without interest. The developer had defaulted on each of the annual installment payments due since July 2002. Certain minimal payments were made in 2011 and 2013. The City has reflected an allowance for the remaining unpaid amounts in the General Fund.

Note 6 - Tax Abatements

The City has real property tax abatement agreements with housing development and redevelopment companies organized pursuant to Article V or Article XI of the Private Housing Finance Law of the State of New York ("PHFL") for the purpose of creating or preserving affordable housing in the City.

Generally, these agreements provide for a 100 percent abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) based on a percentage of shelter rents, and continue until the property no longer provides the required affordable housing or no longer complies with the requirements of the PHFL.

The City also has real property tax abatement agreements pursuant to Section 412-a of the Real Property Tax Law for the purpose of acquiring a leasehold interest in certain land for improvements. These agreements induce a Company to acquire, renovate, construct, and equip the Project.

Copies of the agreements may be obtained from the City. Information relevant to disclosure of these agreements for the fiscal year ended December 31, 2021 is as follows:

Start Date	Agreement	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Received	Taxes Abated
9/1/2015	Levister Towers	\$ 862,000	\$ 0.42667	\$ 367,790	\$ 363,729	\$ 4,061
12/1/2015	Petrillo	112,660	0.42667	48,069	17,708	30,361
1/1/1983	Wartburgh	3,618,200	0.42667	1,543,777	74,000	1,469,777
12/1/2020	Ebony Gardens	311,650	0.42667	132,972	142,046	-
11/1/2014	203 Gramatan Ave, Blue Rico LLC Dept	418,641	0.42667	178,622	16,168	162,454
12/1/2014	130 Modern LLC / Macquesten Commercial	190,000	0.42667	81,067	10,874	70,193
4/1/2018	Ace Natural , inc /Exit 8 Hutch LLC Natural Food	130,615	0.42667	55,730	31,080	24,650
4/1/2016	Luciano Bros DBA Dominican Magic	52,583	0.42667	22,436	14,350	8,086
9/1/2017	Enclave at Fleetwood (A&B)	163,829	0.42667	69,901	53,978	15,923
8/1/2013	Enclave on Fifth Housing Development Fund .Company	94,300	0.42667	40,235	11,134	29,101
5/1/2004	Grace Plaza LLC	30,000	0.42667	12,800	15,498	-
9/1/2014	Grace Terrace LLC	125,404	0.42667	53,506	17,367	36,139
6/1/2005	Heritage House North (AKA Mount Vernon North)	250,000	0.42667	106,668	33,756	72,912
6/1/2005	Heritage House South (AKA Mount Vernon South)	1,000,000	0.42667	426,670	61,890	364,780
1/1/2020	Oakwood Gardens	182,720	0.42667	77,961	20,029	57,932
9/1/2017	Warren Place LLC / American Christmas inc	115,000	0.42667	49,067	13,970	35,097
1/1/2001	Target	500,000	0.42667	213,335	79,864	133,471
4/1/2014	Zion Court Apartments LP	96,000	0.42667	40,960	9,266	31,694
11/1/2003	Kings Court	10,500	0.42667	4,480	5,357	-
11/1/2003	Macedonia Towers	38,800	0.42667	16,555	16,495	60
1/1/2021	22 South West Street	422,799	0.42667	180,396	43,896	136,500
1/1/2021	Regent Hospitality Linen	27,750	0.42667	11,840	8,472	3,368
1/1/2021	Sanford Terrace	64,197	0.42667	27,391	8,359	19,032
		<u>\$ 8,817,648</u>		<u>\$ 3,762,228</u>	<u>\$ 1,069,286</u>	<u>\$ 2,705,591</u>

Note 7 - Subsequent Events

Rehabilitation of Storm Sewer System

In September 2020, the Federal District Court ordered the City to bring its polluting storm system into compliance with the Clean Water Act. The filing alleged that since at least January 2012 the City has failed to comply with permit obligations and has allowed raw sewage to flow into its storm sewer system, which then discharges into the Hutchinson and Bronx Rivers. The City's Department of Public Works Commissioner estimated the total cost to rehabilitate the entire system would range from approximately \$124 million to \$199 million.

In 2022, the New York State Governor announced a \$150 million investment for water and sewer infrastructure in Mount Vernon. An additional \$3 million in federal funding was allocated to assist residents impacted by the sewer and water infrastructure crisis through the Governor's Office of Storm Recovery Healthy Homes pilot program.

In addition, in August 2022, the City was awarded \$10 million from the Water Quality Improvement Project administered by the New York State Department of Environmental Conservation.

Mount Vernon City School District ("School District") Taxes

Beginning in 2018, the City Comptroller's office delayed payments to vendors, including tax payments to the School District. The School District has identified approximately \$11.7 million in back taxes not received from the City that relate to tax years 2017 through 2019. The City has identified approximately \$11 million of these back taxes as uncollected from the taxpayers. In response to the delayed payments from 2018-2020, the School District elected to take over the billing and collection of school taxes effective with its 2020-21 fiscal year. However, since the School District has no authority to lien properties for unpaid taxes, the School District must submit a certified listing of unpaid taxes for the 2020-21 fiscal year to the City for relevy on the City's 2023 tax bills. (i.e., two year old taxes). The City would have been required to make the School District whole (with certain exceptions) for these taxes prior to the end of the School District's fiscal year end of June 30, 2023. These 2020-21 School District unpaid taxes aggregate to approximately \$6.83 million. While this process was supposed to be under way, we have been advised by City officials that a listing of unpaid 2020-21 taxes has not been certified and provided to the City.

Vendor Payments

After fiscal year end December 31, 2017, the City Comptroller's office began delaying payments to vendors. Subsequently, the City Comptroller's office issued a financial report on July 7, 2022 that has identified an estimated \$60 million of unpaid bills relating to New York State health insurance, New York State Retirement System and various other vendors.

New York State Office of the State Comptroller ("NYS OSC") - Report of Examination of the City of Mount Vernon

The NYS OSC conducted an examination of the City's finances for the period January 1, 2018 through September 30, 2020 and extended their audit period back to January 1, 2017. The NYS OSC report dated January 2022, identified internal control deficiencies relating to electronic disbursements, withdrawals and uncollected property taxes. The report can be accessed at www1.osc.state.ny.us.

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2021

Note 7 - Subsequent Events (Continued)

Bond Anticipation Notes

The City, in November 2023, issued bond anticipation notes for various purposes in the amount of \$3,204,456 with an interest rate of 6.50% that will mature in November 2024.

The City, in May 2024, issued bond anticipation notes to finance the costs of certain settled claims in the amount of \$15,800,000 with an interest rate of 5.50% that will mature in May 2025.

The City, in November 2024, issued bond anticipation notes for various purposes in the amount of \$3,204,456 with an interest rate of 5.25% that will mature in May 2025.

The City, in December 2024, issued tax anticipation notes in anticipation of the collection of taxes or assessments levied in the amount of \$6,500,000 with an interest rate of 4.75% that will mature in December 2025.

The City, in May 2025, issued bond anticipation notes for various purposes in the amount of \$18,733,000 with an interest rate of 5.00% that will mature in May 2026.

Tax Anticipation Notes

The City, in December 2025, issued tax anticipation notes in anticipation of the collection of taxes or assessments levied, or to be levied, by the City in the amount of \$7,300,000 with an interest rate of 4.50% that will mature in December 2026.

Note 8 - Recently Issued GASB Pronouncements

GASB Statement No. 87, “Leases,” as amended by GASB Statement No. 95, “*Postponement of the Effective Dates of Certain Authoritative Guidance*,” established a single model for lease accounting based on the concept that leases are a financing of a “right-to-use” underlying asset. As such, this Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset. A lessor will be required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 96, “*Subscription-Based Information Technology Arrangements*” provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (“SBITAs”) for government end users. This Statement defines a SBITA and establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding liability. The Statement also provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, as well as detailing the requirements for note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 101, “*Compensated Absences*”, provides guidance on the accounting and financial reporting for compensated absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Note 8 - Recently Issued GASB Pronouncements (Continued)

GASB Statement No. 102, "*Certain Risk Disclosures*", was issued to disclosure within the government financial statements risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party of by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024.

GASB Statement No. 104, "*Disclosure of Certain Capital Assets*", has been issued to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

GASB Statement No. 105, "*Subsequent Events*", has been issued to improve the financial reporting requirements for subsequent events (recognized/nonrecognized), thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The requirements of this Statement are effective for reporting periods beginning after June 15, 2026.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the City believes will most impact its financial statements. The City will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

* * * * *

City of Mount Vernon, New York

Required Supplementary Information - Schedule of Changes in the
City's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years (1)(2)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability:			
Service cost	\$ 16,560,226	\$ 10,637,798	\$ 9,639,390
Interest	6,483,249	7,780,406	8,097,140
Changes of benefit terms	-	-	-
Differences between expected and actual experience	2,892,509	15,273,978	(13,056,050)
Changes of assumptions or other inputs	(19,544,893)	68,675,978 (4)	16,871,614
Benefit payments	<u>(5,102,477)</u>	<u>(5,120,069)</u>	<u>(5,556,388)</u>
Net Change in Total OPEB Liability	1,288,614	97,248,091	15,995,706
Total OPEB Liability – Beginning of Year	<u>338,470,899</u>	<u>241,222,808</u>	<u>225,227,102</u>
Total OPEB Liability – End of Year	<u>\$ 339,759,513</u>	<u>\$ 338,470,899</u>	<u>\$ 241,222,808</u>
Covered-employee payroll	<u>\$ 64,329,232</u>	<u>\$ 65,765,117</u>	<u>\$ 65,617,520</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>528.16%</u>	<u>514.67%</u>	<u>367.62%</u>

Notes to Schedule:

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.

(3) Restated for the implementation of the provisions of GASB Statement No. 75.

(4) Due to an increase in head count since previous valuation and decrease in discount rate.

See independent auditors' report.

<hr/>	
	2018
	<hr/>
\$	11,785,471
	7,871,969
	-
	(21,041,656)
	(19,776,487)
	(5,450,303)
	<hr/>
	(26,611,006)
	251,838,108 (3)
	<hr/>
\$	225,227,102
	<hr/>
\$	63,700,494
	<hr/>
	<hr/>
	353.57%
	<hr/>

City of Mount Vernon, New York

Required Supplementary Information
 New York State and Local Employees' Retirement System
 Last Ten Fiscal Years (1)

Schedule of the City's Proportionate Share of the Net Pension Liability (2)

	2021 (4)	2020 (3)	2019
City's proportion of the net pension liability	<u>0.0798600%</u>	<u>0.0819226%</u>	<u>0.0810780%</u>
City's proportionate share of the net pension liability	<u>\$ 79,520</u>	<u>\$ 21,693,596</u>	<u>\$ 5,744,617</u>
City's covered payroll	<u>\$ 21,790,354</u>	<u>\$ 21,991,912</u>	<u>\$ 21,744,897</u>
City's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.36%</u>	<u>98.64%</u>	<u>26.42%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>99.95%</u>	<u>86.39%</u>	<u>96.27%</u>

Schedule of Contributions

	2021	2020	2019
Contractually required contribution	\$ 3,365,265	\$ 3,296,246	\$ 3,222,581
Contributions in relation to the contractually required contribution	<u>(3,365,265)</u>	<u>(3,296,246)</u>	<u>(3,222,581)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	<u>\$ 22,514,778</u>	<u>\$ 22,224,279</u>	<u>\$ 22,426,672</u>
Contributions as a percentage of covered payroll	<u>14.95%</u>	<u>14.83%</u>	<u>14.37%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

(2) The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(3) Increase in proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

(4) Decrease in the proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains.

See independent auditors' report.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>0.0782397%</u>	<u>0.0778000%</u>	<u>0.0802498%</u>	<u>0.0813849%</u>
<u>\$ 2,525,143</u>	<u>\$ 7,310,258</u>	<u>\$ 12,880,315</u>	<u>\$ 2,749,381</u>
<u>\$ 20,640,896</u>	<u>\$ 19,679,508</u>	<u>\$ 20,843,445</u>	<u>\$ 21,254,838</u>
<u>12.23%</u>	<u>37.15%</u>	<u>61.80%</u>	<u>12.94%</u>
<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>\$ 3,216,625</u>	<u>\$ 3,161,136</u>	<u>\$ 3,762,662</u>	<u>\$ 3,356,410</u>
<u>(3,216,625)</u>	<u>(3,161,136)</u>	<u>(3,762,662)</u>	<u>(3,356,410)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 21,305,445</u>	<u>\$ 20,169,013</u>	<u>\$ 18,764,023</u>	<u>\$ 19,134,374</u>
<u>15.10%</u>	<u>15.67%</u>	<u>20.05%</u>	<u>17.54%</u>

City of Mount Vernon, New York

Required Supplementary Information
 New York State and Local Police and Fire Retirement System
 Last Ten Fiscal Years (1)

Schedule of the City's Proportionate Share of the Net Pension Liability (2)

	2021 (4)	2020 (3)	2019
City's proportion of the net pension liability	<u>0.8885371%</u>	<u>0.9199767%</u>	<u>0.9210992%</u>
City's proportionate share of the net pension liability	<u>\$ 15,427,455</u>	<u>\$ 49,172,179</u>	<u>\$ 15,447,415</u>
City's covered payroll	<u>\$ 35,316,743</u>	<u>\$ 35,257,411</u>	<u>\$ 35,549,512</u>
City's proportionate share of the net pension liability as a percentage of its covered payroll	<u>43.68%</u>	<u>139.47%</u>	<u>43.45%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>95.79%</u>	<u>84.86%</u>	<u>95.09%</u>

Schedule of Contributions

	2021	2020	2019
Contractually required contribution	\$ 7,841,169	\$ 7,649,931	\$ 7,369,182
Contributions in relation to the contractually required contribution	<u>(7,841,169)</u>	<u>(7,649,931)</u>	<u>(7,369,182)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	<u>\$ 35,196,870</u>	<u>\$ 36,585,904</u>	<u>\$ 35,411,503</u>
Contributions as a percentage of covered payroll	<u>22.28%</u>	<u>20.91%</u>	<u>20.81%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

(2) The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(3) Increase in proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

(4) Decrease in the proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains.

See independent auditors' report.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>0.9271820%</u>	<u>0.7983856%</u>	<u>0.8552386%</u>	<u>0.8663737%</u>
<u>\$ 9,371,556</u>	<u>\$ 16,547,755</u>	<u>\$ 25,321,793</u>	<u>\$ 2,384,776</u>
<u>\$ 33,936,605</u>	<u>\$ 35,408,391</u>	<u>\$ 28,897,760</u>	<u>\$ 27,752,986</u>
<u>27.61%</u>	<u>46.73%</u>	<u>87.63%</u>	<u>8.59%</u>
<u>96.93%</u>	<u>93.50%</u>	<u>90.20%</u>	<u>99.00%</u>

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>\$ 8,008,092</u>	<u>\$ 6,663,870</u>	<u>\$ 5,749,156</u>	<u>\$ 6,185,009</u>
<u>(8,008,092)</u>	<u>(6,663,870)</u>	<u>(5,749,156)</u>	<u>(6,185,009)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 35,329,453</u>	<u>\$ 33,440,029</u>	<u>\$ 30,102,307</u>	<u>\$ 28,909,815</u>
<u>22.67%</u>	<u>19.93%</u>	<u>19.10%</u>	<u>21.39%</u>

City of Mount Vernon, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REAL PROPERTY TAXES	\$ 63,487,580	\$ 63,487,580	\$ 57,271,782	\$ (6,215,798)
OTHER TAX ITEMS				
Interest and penalties on real property taxes	1,250,000	1,250,000	1,909,743	659,743
Payments in lieu of taxes	500,000	500,000	1,071,321	571,321
Real estate transfer tax	2,900,000	2,900,000	4,722,849	1,822,849
	<u>4,650,000</u>	<u>4,650,000</u>	<u>7,703,913</u>	<u>3,053,913</u>
NON-PROPERTY TAXES				
Utilities gross receipts taxes	850,000	850,000	918,749	68,749
Cable television franchise taxes	1,850,000	1,850,000	1,059,517	(790,483)
Sales taxes	22,200,000	22,200,000	27,367,553	5,167,553
	<u>24,900,000</u>	<u>24,900,000</u>	<u>29,345,819</u>	<u>4,445,819</u>
DEPARTMENTAL INCOME				
Parking meter and permit fees	3,150,000	3,150,000	5,136,071	1,986,071
Red light camera demonstration program	-	-	50,175	50,175
Charges for tax advertising	30,000	30,000	-	(30,000)
Comptroller's fees	22,700	22,700	287,711	265,011
City Clerk fees	14,080	14,080	-	(14,080)
Building Department fees	111,000	111,000	604,393	493,393
Police Department fees	28,000	28,000	-	(28,000)
Fire Department fees	750	750	-	(750)
Animal shelter fees	10,000	10,000	3,215	(6,785)
Safety inspection fees	375,000	375,000	345	(374,655)
Vital statistics	35,000	35,000	-	(35,000)
Public works fees	56,000	56,000	58,913	2,913
Bus shelter and scale fees	125,000	125,000	79,626	(45,374)
Park and recreation charges	45,000	45,000	419,962	374,962
Zoning and Planning Board fees	30,500	30,500	-	(30,500)
Sewer rents	40,000	40,000	101,178	61,178
Emergency Tenant Protection charges	120,000	120,000	62,388	(57,612)
Participant's contributions - Nutrition programs	7,500	7,500	510	(6,990)
Other departmental income	38,100	38,100	-	(38,100)
	<u>4,238,630</u>	<u>4,238,630</u>	<u>6,804,487</u>	<u>2,565,857</u>
INTERGOVERNMENTAL CHARGES				
County prisoner transportation	180,000	180,000	-	(180,000)
Police Department services	1,000,000	1,000,000	777,494	(222,506)
Administrative charges - Industrial Development Agency	-	-	22,403	22,403
Other	-	-	96,870	96,870
	<u>1,180,000</u>	<u>1,180,000</u>	<u>896,767</u>	<u>(283,233)</u>

(Continued)

City of Mount Vernon, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget (Continued)

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
USE OF MONEY AND PROPERTY				
Earnings on investments	\$ 40,000	\$ 40,000	\$ 5,546	\$ (34,454)
Earnings on investments - Restricted to workers' compensation benefits	-	-	58	58
Rentals of real property	900,000	900,000	601,896	(298,104)
Commissions	12,000	12,000	600	(11,400)
	<u>952,000</u>	<u>952,000</u>	<u>608,100</u>	<u>(343,900)</u>
LICENSES AND PERMITS				
Business and occupational licenses	110,000	110,000	415,429	305,429
Dog licenses and apportionment	1,000	1,000	-	(1,000)
Public safety permits	75,000	75,000	48,023	(26,977)
Building permits	900,000	900,000	187,190	(712,810)
Street opening permits	856,000	856,000	11,494	(844,506)
Plumbing permits	85,000	85,000	46,617	(38,383)
Other permits	230,000	230,000	-	(230,000)
	<u>2,257,000</u>	<u>2,257,000</u>	<u>708,753</u>	<u>(1,548,247)</u>
FINES AND FORFEITURES				
Fines and forfeited bail	2,504,000	2,504,000	2,366,142	(137,858)
Forfeiture of deposits	7,000	7,000	150	(6,850)
	<u>2,511,000</u>	<u>2,511,000</u>	<u>2,366,292</u>	<u>(144,708)</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sale of real property	2,300,000	2,300,000	-	(2,300,000)
Sale of scrap	1,500	1,500	79,470	77,970
Insurance recoveries	75,000	75,000	377	(74,623)
Other compensation for loss	2,000	2,000	53,605	51,605
	<u>2,378,500</u>	<u>2,378,500</u>	<u>133,452</u>	<u>(2,245,048)</u>
STATE AID				
Per capita	6,440,122	6,440,122	7,155,691	715,569
Mortgage tax	1,500,000	1,500,000	1,838,160	338,160
Public safety grant	192,000	192,000	187,817	(4,183)
Mental health - Westchester County	450,000	450,000	76,953	(373,047)
Youth programs	-	-	17,385	17,385
Supplemental nutrition assistance program	-	-	112,345	112,345
Comprehensive adolescent pregnancy prevention program	-	-	163,202	163,202
Fire department	-	-	1,925	1,925
Other	1,000,000	1,000,000	56,074	(943,926)
Veteran's services	50,000	50,000	25,174	(24,826)
	<u>9,632,122</u>	<u>9,632,122</u>	<u>9,634,726</u>	<u>2,604</u>

(Continued)

City of Mount Vernon, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget (Continued)

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
FEDERAL AID				
Programs for the aging	\$ 20,000	\$ 20,000	\$ 130,921	\$ 110,921
Workforce investment act	-	-	97,785	97,785
21st century community learning centers grant	550,000	550,000	829,165	279,165
Nutrition for the elderly - Title IIIC	200,000	200,000	167,667	(32,333)
Youth Bureau - Girls Embracing Maturity program	-	-	16,528	16,528
American Rescue Plan Act	-	-	3,957,836	3,957,836
STOP act	-	-	561,310	561,310
Justice assistance grant	-	-	28,863	28,863
Other	-	-	29,998	29,998
Medical assistance	-	-	103,092	103,092
	<u>770,000</u>	<u>770,000</u>	<u>5,923,165</u>	<u>5,153,165</u>
MISCELLANEOUS				
Refund of prior year's expenditures	25,000	25,000	299,050	274,050
Gifts and donations	100,000	100,000	10,998	(89,002)
Other	16,159	16,159	706	(15,453)
	<u>141,159</u>	<u>141,159</u>	<u>310,754</u>	<u>169,595</u>
TOTAL REVENUES	<u>117,097,991</u>	<u>117,097,991</u>	<u>121,708,010</u>	<u>4,610,019</u>
OTHER FINANCING SOURCES				
Transfers in				
Community Development Fund	583,761	583,761	-	(583,761)
Water Fund	850,000	850,000	-	(850,000)
TOTAL OTHER FINANCING SOURCES	<u>1,433,761</u>	<u>1,433,761</u>	<u>-</u>	<u>(1,433,761)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 118,531,752</u>	<u>\$ 118,531,752</u>	<u>\$ 121,708,010</u>	<u>\$ 3,176,258</u>

See independent auditors' report.

City of Mount Vernon, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT SUPPORT				
City Council	\$ 465,501	\$ 465,501	\$ 260,975	\$ 204,526
Board of Estimate and Contract	28,000	28,000	1,217	26,783
Mayor	568,124	568,124	479,310	88,814
Department of Finance	1,473,884	1,473,884	1,199,635	274,249
Assessment and Taxation	390,726	390,726	381,991	8,735
Expenses on City owned property	300,000	300,000	49,924	250,076
City Clerk	640,183	640,183	505,588	134,595
Law	1,710,549	1,710,549	2,678,378	(967,829)
Civil service	249,779	249,779	252,631	(2,852)
Personnel	219,500	219,500	183,126	36,374
Elections	136,624	136,624	30,830	105,794
Bureau of Management Services	1,383,836	1,383,836	1,121,360	262,476
Engineering	243,404	243,404	196,825	46,579
Public Works Commissioner's office	1,025,115	1,025,115	802,155	222,960
Building maintenance	1,034,518	1,034,518	1,126,421	(91,903)
Vehicle maintenance	2,398,874	2,398,874	2,459,943	(61,069)
Special items:				
Independent audit	300,000	300,000	110,000	190,000
Inspector general	91,500	91,500	-	91,500
Unallocated insurance	1,060,000	1,060,000	1,713,472	(653,472)
City-wide electricity charges	1,800,000	1,800,000	1,870,747	(70,747)
City-wide telephone charges	325,000	325,000	417,115	(92,115)
Municipal association dues	105,000	105,000	5,000	100,000
Judgments and claims	850,000	850,000	1,612,309	(762,309)
Taxes on City property	70,000	70,000	-	70,000
Tax certiorari payments	750,000	750,000	1,344,377	(594,377)
Tax abatements	35,000	35,000	55,161	(20,161)
Metropolitan commuter transportation mobility tax	200,000	200,000	197,707	2,293
Contingency	750,000	750,000	391,905	358,095
	<u>18,605,117</u>	<u>18,605,117</u>	<u>19,448,102</u>	<u>(842,985)</u>
PUBLIC SAFETY				
Police Department	24,989,829	24,989,829	23,988,406	1,001,423
Jail	257,464	257,464	300,237	(42,773)
Animal shelter	216,093	216,093	111,871	104,222
Fire Department	16,395,848	16,395,848	18,191,078	(1,795,230)
Architectural Board of Review	33,050	33,050	6,157	26,893
Building Department	1,244,698	1,244,698	874,458	370,240
Civil defense	128,734	128,734	112,567	16,167
	<u>43,265,716</u>	<u>43,265,716</u>	<u>43,584,774</u>	<u>(319,058)</u>
HEALTH				
Developmentally disabled programs	277,676	277,676	275,163	2,513
Emergency ambulance services	500,000	500,000	-	500,000
	<u>777,676</u>	<u>777,676</u>	<u>275,163</u>	<u>502,513</u>

(Continued)

City of Mount Vernon, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
TRANSPORTATION				
Highway maintenance and repair	\$ 2,263,695	\$ 2,263,695	\$ 1,485,817	\$ 777,878
Maintenance of bridges	10,000	10,000	9,744	256
Snow removal	400,000	400,000	193,970	206,030
Street lighting	117,123	117,123	182,673	(65,550)
Sidewalks	45,000	45,000	11,922	33,078
	<u>2,835,818</u>	<u>2,835,818</u>	<u>1,884,126</u>	<u>951,692</u>
ECONOMIC OPPORTUNITY AND DEVELOPMENT				
Veteran's services	151,000	151,000	137,127	13,873
Consumer affairs	72,298	72,298	71,430	868
Youth board - Job training	-	-	294,821	(294,821)
Programs for the aging	326,838	326,838	484,723	(157,885)
Office for the Aging - Elderly nutrition	558,000	558,000	378,296	179,704
	<u>1,108,136</u>	<u>1,108,136</u>	<u>1,366,397</u>	<u>(258,261)</u>
CULTURE AND RECREATION				
Parks and recreation - Administration	510,745	510,745	390,022	120,723
Parks and recreation - Maintenance	1,216,820	1,216,820	1,025,287	191,533
Memorial field	125,000	125,000	-	125,000
Playgrounds	440,345	440,345	162,988	277,357
Neighborhood facility center	326,210	326,210	363,768	(37,558)
Pools	20,000	20,000	-	20,000
Youth programs	562,198	562,198	236,827	325,371
Youth bureau	479,856	479,856	1,043,758	(563,902)
Youth centers	234,785	234,785	1,368,638	(1,133,853)
Adult education	67,500	67,500	15,705	51,795
	<u>3,983,459</u>	<u>3,983,459</u>	<u>4,606,993</u>	<u>(623,534)</u>
HOME AND COMMUNITY SERVICES				
Zoning Board of Appeals	41,731	41,731	12,480	29,251
Department of Planning and Development	1,691,740	1,691,740	1,502,611	189,129
Planning Board	45,336	45,336	17,445	27,891
ETPA administrative charge	120,000	120,000	117,220	2,780
Sanitary and storm sewers	1,909,744	1,909,744	1,581,758	327,986
Refuse disposal	3,186,286	3,186,286	6,206,362	(3,020,076)
Street cleaning	2,653,505	2,653,505	2,383,282	270,223
Shade trees	15,000	15,000	6,320	8,680
	<u>9,663,342</u>	<u>9,663,342</u>	<u>11,827,478</u>	<u>(2,164,136)</u>

(Continued)

City of Mount Vernon, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
EMPLOYEE BENEFITS				
State retirement	\$ 12,580,055	\$ 12,580,055	\$ 3,733,490	\$ 8,846,565
Police and fire retirement	-	-	8,586,681	(8,586,681)
Social security	4,687,125	4,687,125	4,556,095	131,030
Workers' compensation benefits	950,000	950,000	1,332,784	(382,784)
Employee assistance program	5,000	5,000	8,000	(3,000)
Unemployment benefits	200,000	200,000	-	200,000
Health and dental insurance	22,000,000	22,000,000	22,296,246	(296,246)
	<u>40,422,180</u>	<u>40,422,180</u>	<u>40,513,296</u>	<u>(91,116)</u>
DEBT SERVICE				
Principal				
Financed purchase debt	250,000	250,000	250,000	-
	<u>120,911,444</u>	<u>120,911,444</u>	<u>123,756,329</u>	<u>(2,844,885)</u>
OTHER FINANCING USES				
Transfers out				
Capital Projects Fund	-	-	864,148	(864,148)
Debt Service Fund	2,386,644	2,386,644	2,358,269	28,375
	<u>2,386,644</u>	<u>2,386,644</u>	<u>3,222,417</u>	<u>(835,773)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 123,298,088</u>	<u>\$ 123,298,088</u>	<u>\$ 126,978,746</u>	<u>\$ (3,680,658)</u>

See independent auditors' report.

City of Mount Vernon, New York

Capital Projects Fund
 Project-Length Schedule
 Inception of Project Through December 31, 2021

PROJECT	Authorization	Expenditures and Transfers		Unexpended Balance
		Capital Outlay	Interfund Transfers	
Police Equipment	\$ 3,395,613	\$ 2,625,263	\$ 555,837	\$ 214,513
City Hall Computer System Phase II	730,000	729,737	-	263
Roundabout Construction	1,838,487	1,771,178	-	67,309
Municipal Garage Elevators	750,000	394,873	-	355,127
Demolition of Public Nuisance Buildings	750,000	629,783	-	120,217
Memorial Field Renovations	10,450,215	4,150,216	-	6,299,999
Fourth Street Playground	1,250,000	140,142	-	1,109,858
Streetscape	400,000	26,342	-	373,658
Roof Replacement	750,000	656,693	-	93,307
Computer System Upgrade	325,000	271,741	-	53,259
Police Department	325,000	222,516	-	102,484
Fire - Emergency Operations Center	1,542,090	1,287,707	-	254,383
Fire Vehicles	192,000	186,928	-	5,072
Road Work	275,000	273,034	-	1,966
Parking Garage	750,000	628,493	-	121,507
Parking Garage Scape Entrance	750,000	4,143	-	745,857
Citywide Grounds Upkeep	135,000	134,146	-	854
Citywide Grounds Upkeep	1,081,500	1,066,374	-	15,126
Street Sewers Citywide	516,050	512,635	-	3,415
Doles Center Renovations	1,411,003	967,441	-	443,562
Armory Renovations	365,000	302,859	-	62,141
Municipal Buildings	650,000	614,612	-	35,388
HVAC	600,000	79,733	-	520,267
Maintenance Vehicle	225,000	218,105	-	6,895
Parking and Building Vehicles	149,700	148,802	-	898
Street Signs	150,000	94,862	-	55,138
License Plate Reader	260,000	241,782	-	18,218
Police Vehicles	150,000	149,471	-	529
Garage Renovation	250,000	201,099	-	48,901
Sanitary Sewers	200,000	198,555	-	1,445
Equipment	35,000	21,072	-	13,928
Resurfacing	3,162,200	2,877,199	-	285,001
YMCA Purchase	750,000	705,118	-	44,882
Parking Meters	180,000	177,600	-	2,400
YMCA Renovation	750,000	451,218	-	298,782
Police Justice Assistance Grant - 2013	52,532	33,301	-	19,231
Police Justice Assistance Grant - 2014	53,492	53,472	-	20
Resurfacing - 2014	1,914,313	1,237,643	-	676,670
Police Justice Assistance Grant - 2011	64,516	64,214	-	302
Con Edison Overtime	598,882	256,802	-	342,080
Resurfacing - 2015	2,257,273	2,190,517	-	66,756
Police Justice Assistance Grant - 2016	43,494	-	-	43,494
Broadband Digital Tech	1,000,000	-	-	1,000,000
Digital and Cybersecurity Tech	1,600,000	425,960	-	1,174,040
Fire Protection and Rescue Equipment	600,000	-	-	600,000
City Owned Property	3,850,000	20,725	-	3,829,275
Resurfacing - 2021-2023	9,575,212	1,937,958	-	7,637,254
Sewer Rehabilitation and Mitigation	3,125,000	417,463	-	2,707,537
Sewer Infrastructure	2,000,000	492,065	-	1,507,935
Department of Environmental Conservation Grant	1,102,342	1,099,338	-	3,004
Installment Purchase Debt	2,295,000	2,295,000	-	-
Totals	\$ 65,625,914	\$ 33,685,930	\$ 555,837	\$ 31,384,147

See independent auditors' report.

Revenues	Fund Balance at December 31, 2021
\$ 3,395,613	\$ 214,513
730,000	263
1,813,919	42,741
750,000	355,127
750,000	120,217
4,150,216	-
140,142	-
150,000	123,658
750,000	93,307
325,000	53,259
325,000	102,484
1,350,090	62,383
192,000	5,072
275,000	1,966
750,000	121,507
750,000	745,857
135,000	854
1,081,500	15,126
516,050	3,415
1,406,537	439,096
365,000	62,141
650,000	35,388
600,000	520,267
225,000	6,895
149,700	898
150,000	55,138
260,000	18,218
150,000	529
250,000	48,901
200,000	1,445
35,000	13,928
2,877,199	-
750,000	44,882
180,000	2,400
750,000	298,782
33,301	-
53,472	-
1,237,643	-
64,214	-
598,882	342,080
2,190,517	-
-	-
-	-
425,960	-
-	-
20,725	-
1,937,958	-
417,463	-
-	(492,065)
546,269	(553,069)
2,295,000	-
<u>\$ 37,149,370</u>	<u>\$ 2,907,603</u>

City of Mount Vernon, New York

Debt Service Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Serial bonds				
Principal	-	1,875,000	1,875,000	-
Interest	-	511,644	482,968	28,676
Total Expenditures	-	2,386,644	2,357,968	28,676
Deficiency of Revenues Over Expenditures	-	(2,386,644)	(2,357,968)	28,676
OTHER FINANCING SOURCES				
Transfers in	-	2,386,644	2,359,403	(27,241)
Net Change in Fund Balance	-	-	1,435	1,435
FUND BALANCE				
Beginning of Year	-	-	118,166	118,166
End of Year	\$ -	\$ -	\$ 119,601	\$ 119,601

See independent auditors' report.