

City of Mount Vernon, New York

Financial Statements and
Supplementary Information

Year Ended December 31, 2017

City of Mount Vernon, New York

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements	
Balance Sheet - Governmental Funds	8
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	10
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13
Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund	14
Internal Service Fund	
Statement of Net Position	15
Statement of Revenues, Expenses and Changes in Net Position	16
Statement of Cash Flows	17
Statement of Assets and Liabilities - Fiduciary Fund	18
Notes to Financial Statements	19
Required Supplementary Information	
Other Postemployment Benefits	
Schedule of Funding Progress – last Three Fiscal Years	54
New York State and Local Employees' Retirement System	
Schedule of the City's Proportionate Share of the Net Pension Liability	55
Schedule of Contributions	55
New York State and Local Police and Fire Retirement System	
Schedule of the City's Proportionate Share of the Net Pension Liability	56
Schedule of Contributions	56
Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Comparative Balance Sheet	57
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	58
Schedule of Revenues and Other Financing Sources Compared to Budget	60
Schedule of Expenditures, Other Financing Uses and Special Item Compared to Budget	63
Community Development Fund	
Comparative Balance Sheet	66
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	67
Capital Projects Fund	
Comparative Balance Sheet	68
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	69
Project-Length Schedule	70

City of Mount Vernon, New York

Table of Contents (Concluded)

	<u>Page No.</u>
Water Fund	
Comparative Balance Sheet	72
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	73
Debt Service Fund	
Comparative Balance Sheet	74
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	75
Internal Service Fund	
Compensated Absences Fund	
Comparative Statement of Net Position	77
Comparative Statement of Revenues, Expenses and Changes in Net Position	78
Comparative Statement of Cash Flows	79



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Mount Vernon Board of Water Supply, which represents 6.8% of the assets and 8.4% of the revenues of the governmental activities. We also 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, 2017. 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions as described in the following Summary of Opinions table.

PKF O'CONNOR DAVIES, LLP
500 Mamaroneck Avenue, Harrison, NY 10528 | Tel: 914.381.8900 | Fax: 914.381.8910 | www.pkfod.com

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Summary of Opinions

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

Basis for Disclaimer of Opinion on Governmental Activities and Water Fund

The auditors for the Mount Vernon Board of Water Supply ("Water Fund") were unable to satisfy themselves by applying auditing procedures concerning balance sheet and revenue and expenditure account balances. In addition, they were unable to confirm or verify account balances through document observation or testing of controls to confirm the efficiency and effectiveness of internal controls over financial reporting. As of the date of the auditors' report, management was still in the process of rectifying system deficiencies. As a result of these matters, they were unable to determine whether adjustments were necessary in order to conclude the financial statements are free from material misstatement.

Disclaimer of Opinion on Governmental Activities and Water Fund

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, sufficient appropriate audit evidence was not able to be obtained to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements of the governmental activities and the Water Fund.

Basis for Qualified Opinion on Aggregate Remaining Fund Information

The City has reported compensated absences in the amount of \$4,947,069 on the statement of net position at December 31, 2017. 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.

Qualified Opinion on Aggregate Remaining Fund Information

In our opinion, based on our audit and the report of the other auditor and except for the effects of the matters described in the Basis of Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit and each major fund of the City, as of December 31, 2017, 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.

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 who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is 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 State 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 and Other Information

Our audit for the year ended December 31, 2017 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 for the year ended December 31, 2017 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 31, 2017 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 for the year ended December 31, 2017.

We also previously 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 basic financial statements of the City as of and for the year ended December 31, 2016 (not presented herein), and have issued our report thereon dated March 3, 2023, which contained qualified opinions on the respective financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information. The individual fund financial statements and schedules for the year ended December 31, 2016 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 relate directly to the underlying accounting and other records used to prepare the 2016 financial statements. The individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those 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 for the year ended December 31, 2016.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2024 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 4, 2024

City of Mount Vernon, New York

Statement of Net Position
December 31, 2017

	Primary Government	Component Unit
	Governmental Activities	Industrial Development Agency
ASSETS		
Cash and equivalents	\$ 23,863,567	\$ 2,393,236
Cash - Restricted	-	896,691
Cash held in escrow	-	163,983
Receivables		
Taxes, net	7,382,917	53,269
Accounts, net	2,484,861	-
Water rents	4,577,484	-
State and Federal aid	3,129,055	-
Due from other governments	889,629	-
Mortgages, net	3,930,750	-
Rents	-	224,213
Other	-	27,111
Prepaid expenses	5,612,080	8,026
Inventories	467,993	-
Capital assets		
Not being depreciated	5,730,931	245,000
Being depreciated, net	84,736,897	1,399,995
Total Assets	142,806,164	5,411,524
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	25,530,178	-
LIABILITIES		
Accounts payable and accrued liabilities	8,826,996	247,216
Due to other governments	430,754	120,389
Due to school district	3,164,391	-
Overpayments	1,798,084	-
Unearned revenues	289,265	104,152
Deposits payable	-	896,691
Accrued interest payable	292,123	-
Non-current liabilities		
Due within one year	9,612,507	-
Due in more than one year	146,671,084	-
Total Liabilities	171,085,204	1,368,448
DEFERRED INFLOWS OF RESOURCES		
Taxes collected in advance	581,664	-
Pension related	5,342,913	-
Total Deferred Inflows of Resources	5,924,577	-
NET POSITION		
Net investment in capital assets	73,497,206	1,644,995
Restricted for		
Community development	3,641,988	-
Capital projects	3,623,661	-
Liability and casualty claims	1,691,452	-
Debt service	106,343	-
Industrial development agency	-	2,398,081
Unrestricted	(91,234,089)	-
Total Net Position	\$ (8,673,439)	\$ 4,043,076

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, 2017

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government support	\$ 25,578,163	\$ 946,877	\$ 327,127	\$ -
Public safety	81,293,741	6,559,729	528,246	127,590
Health	266,044	-	652,414	-
Transportation	1,235,268	-	-	1,038,877
Economic opportunity and development	1,823,881	18,137	1,679,319	-
Culture and recreation	7,896,236	629,423	472,023	-
Home and community services	28,269,837	11,709,371	2,460,806	-
Interest	635,525	-	-	4,103
Total Governmental Activities Primary Government	<u>\$ 146,998,695</u>	<u>\$ 19,863,537</u>	<u>\$ 6,119,935</u>	<u>\$ 1,170,570</u>
Component unit				
Industrial Development Agency	<u>\$ 3,191,226</u>	<u>\$ -</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				
Loss on sale of tax acquired properties				
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
\$ (24,304,159)	\$ -
(74,078,176)	-
386,370	-
(196,391)	-
(126,425)	-
(6,794,790)	-
(14,099,660)	-
(631,422)	-
<u>(119,844,653)</u>	<u>-</u>
-	(3,191,226)
60,052,009	-
1,069,708	-
544,021	1,102,492
(36,461)	-
2,922,624	-
827,291	-
1,185,701	-
20,264,450	-
42,498	-
8,586,414	-
-	102,051
2,286,676	543,885
<u>97,744,931</u>	<u>1,748,428</u>
<u>(22,099,722)</u>	<u>(1,442,798)</u>
13,426,283	5,389,484
-	96,390
<u>13,426,283</u>	<u>5,485,874</u>
<u>\$ (8,673,439)</u>	<u>\$ 4,043,076</u>

City of Mount Vernon, New York

Balance Sheet
 Governmental Funds
 December 31, 2017

	General	Community Development	Capital Projects
ASSETS			
Cash and equivalents	\$ 15,812,959	\$ 1,161,374	\$ 2,803,934
Taxes receivable, net	7,382,917	-	-
Other receivables			
Accounts, net	2,438,786	-	41,910
Water rents	-	-	-
State and Federal aid	2,462,140	77,149	589,766
Due from other governments	889,271	358	-
Mortgages, net	-	3,930,750	-
Due from other funds	3,483,067	-	1,660,399
	<u>9,273,264</u>	<u>4,008,257</u>	<u>2,292,075</u>
Prepaid expenditures	5,593,471	18,609	-
Inventories	-	-	-
Total Assets	<u>\$ 38,062,611</u>	<u>\$ 5,188,240</u>	<u>\$ 5,096,009</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 2,242,619	\$ -	\$ 492,052
Accrued liabilities	2,921,875	352,389	-
Due to other governments	429,979	775	-
Due to school district	3,164,391	-	-
Due to other funds	9,506,504	-	31,839
Overpayments	1,798,084	-	-
Unearned revenues - Other	-	162,479	126,786
Total Liabilities	<u>20,063,452</u>	<u>515,643</u>	<u>650,677</u>
Deferred inflows of resources			
Deferred tax revenues	6,632,229	-	-
Deferred mortgage principal repayments	-	3,930,750	-
Taxes collected in advance	581,664	-	-
Total Deferred Inflows of Resources	<u>7,213,893</u>	<u>3,930,750</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>27,277,345</u>	<u>4,446,393</u>	<u>650,677</u>
Fund balances			
Nonspendable	5,593,471	18,609	-
Restricted	192,282	723,238	4,445,332
Committed	-	-	-
Assigned	3,000,077	-	-
Unassigned	1,999,436	-	-
Total Fund Balances	<u>10,785,266</u>	<u>741,847</u>	<u>4,445,332</u>
Total Liabilities and Fund Balances	<u>\$ 38,062,611</u>	<u>\$ 5,188,240</u>	<u>\$ 5,096,009</u>

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

Water	Debt Service	Total Governmental Funds
\$ 4,085,150	\$ 150	\$ 23,863,567
-	-	7,382,917
4,165	-	2,484,861
4,577,484	-	4,577,484
-	-	3,129,055
-	-	889,629
-	-	3,930,750
574,177	2,440,633	8,158,276
5,155,826	2,440,633	23,170,055
-	-	5,612,080
467,993	-	467,993
<u>\$ 9,708,969</u>	<u>\$ 2,440,783</u>	<u>\$ 60,496,612</u>
\$ 2,575,897	\$ -	\$ 5,310,568
242,164	-	3,516,428
-	-	430,754
-	-	3,164,391
1,232,562	2,334,440	13,105,345
-	-	1,798,084
-	-	289,265
4,050,623	2,334,440	27,614,835
-	-	6,632,229
-	-	3,930,750
-	-	581,664
-	-	11,144,643
4,050,623	2,334,440	38,759,478
467,993	-	6,080,073
1,691,452	106,343	7,158,647
1,321,417	-	1,321,417
2,177,484	-	5,177,561
-	-	1,999,436
5,658,346	106,343	21,737,134
<u>\$ 9,708,969</u>	<u>\$ 2,440,783</u>	<u>\$ 60,496,612</u>

(This page intentionally left blank)

City of Mount Vernon, New York

Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position December 31, 2017

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

Fund Balances - Total Governmental Funds	\$ 21,737,134
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	226,242,506
Accumulated depreciation	<u>(141,505,609)</u>
	<u>90,467,828</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	6,632,229
Departmental income	<u>3,930,750</u>
	<u>10,562,979</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	25,530,178
Deferred inflows - pension related	<u>(5,342,913)</u>
	<u>20,187,265</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	(292,123)
General obligation bonds payable	(19,845,000)
Claims payable	(14,454,150)
Net pension liability	(23,858,013)
Retirement incentives and other pension obligations	(8,427,066)
Post employment benefit obligations payable	<u>(84,360,000)</u>
	<u>(151,236,352)</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>(392,293)</u>
Net Position of Governmental Activities	<u>\$ (8,673,439)</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, 2017

	General	Community Development	Capital Projects	Water
REVENUES				
Real property taxes	\$ 59,374,493	\$ -	\$ -	\$ -
Other tax items	4,499,892	-	-	-
Non-property taxes	22,277,442	-	-	-
Departmental income	3,991,493	367,524	-	-
Intergovernmental charges	1,501,000	-	-	-
Charges for services	-	-	-	9,598,277
Use of money and property	718,583	193	4,103	762,516
Licenses and permits	1,183,286	-	-	-
Fines and forfeitures	3,273,574	-	-	-
Sale of property and compensation for loss	220,403	-	-	-
State aid	10,391,187	-	1,038,877	-
Federal aid	1,368,058	1,383,337	7,123	-
Miscellaneous	2,353,831	-	120,467	81,455
Total Revenues	111,153,242	1,751,054	1,170,570	10,442,248
EXPENDITURES				
Current				
General government support	18,981,671	-	-	-
Public safety	44,419,963	-	-	-
Health	436,650	-	-	-
Transportation	1,702,090	-	-	-
Economic opportunity and development	1,262,762	-	-	-
Culture and recreation	5,786,924	-	-	-
Home and community services	8,078,702	1,547,226	-	9,708,465
Employee benefits	33,147,044	-	-	-
Capital outlay	-	-	1,171,152	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	113,815,806	1,547,226	1,171,152	9,708,465
Excess (Deficiency) of Revenues Over Expenditures	(2,662,564)	203,828	(582)	733,783
OTHER FINANCING SOURCES (USES)				
Transfers in	712,996	-	-	-
Transfers out	(2,418,084)	-	(4,103)	(712,996)
Total Other Financing Sources (Uses)	(1,705,088)	-	(4,103)	(712,996)
Net Change in Fund Balances	(4,367,652)	203,828	(4,685)	20,787
FUND BALANCES				
Beginning of Year	15,152,918	538,019	4,450,017	5,637,559
End of Year	<u>\$ 10,785,266</u>	<u>\$ 741,847</u>	<u>\$ 4,445,332</u>	<u>\$ 5,658,346</u>

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

Debt Service	Total Governmental Funds
\$ -	\$ 59,374,493
-	4,499,892
-	22,277,442
-	4,359,017
-	1,501,000
-	9,598,277
-	1,485,395
-	1,183,286
-	3,273,574
-	220,403
-	11,430,064
-	2,758,518
-	2,555,753
-	124,517,114
-	18,981,671
-	44,419,963
-	436,650
-	1,702,090
-	1,262,762
-	5,786,924
-	19,334,393
-	33,147,044
-	1,171,152
1,700,000	1,700,000
720,304	720,304
2,420,304	128,662,953
(2,420,304)	(4,145,839)
2,422,187	3,135,183
-	(3,135,183)
2,422,187	-
1,883	(4,145,839)
104,460	25,882,973
\$ 106,343	\$ 21,737,134

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, 2017

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (4,145,839)</u>
<p>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.</p>	
Capital outlay expenditures	2,934,262
Depreciation expense	<u>(5,879,857)</u>
	<u>(2,945,595)</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Real property taxes	677,516
Departmental income	<u>(295,657)</u>
	<u>381,859</u>
<p>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.</p>	
Principal paid on general obligation bonds	<u>1,700,000</u>
<p>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.</p>	
Accrued interest	22,012
Claims payable	(2,068,884)
Changes in pension liabilities and related deferred outflows and inflows of resources	(2,363,672)
Retirement incentives and other pension liabilities	(2,370)
Other post employment benefit obligations payable	(12,740,000)
Amortization of premium on refunding bonds	<u>62,767</u>
	<u>(17,090,147)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (22,099,722)</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, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 59,003,436	\$ 59,003,436	\$ 59,374,493	\$ 371,057
Other tax items	3,255,289	3,255,289	4,499,892	1,244,603
Non-property taxes	20,300,000	20,300,000	22,277,442	1,977,442
Departmental income	4,340,800	4,392,511	3,991,493	(401,018)
Intergovernmental charges	1,190,000	1,364,791	1,501,000	136,209
Use of money and property	745,000	745,000	718,583	(26,417)
Licenses and permits	1,322,500	1,322,500	1,183,286	(139,214)
Fines and forfeitures	3,404,500	3,404,500	3,273,574	(130,926)
Sale of property and compensation for loss	23,500	23,500	220,403	196,903
State aid	8,607,527	9,673,523	10,391,187	717,664
Federal aid	43,000	1,384,258	1,368,058	(16,200)
Miscellaneous	136,000	180,920	2,353,831	2,172,911
Total Revenues	102,371,552	105,050,228	111,153,242	6,103,014
EXPENDITURES				
Current				
General government support	18,560,042	18,647,467	18,981,671	(334,204)
Public safety	38,842,182	38,879,666	44,419,963	(5,540,297)
Health	353,244	437,473	436,650	823
Transportation	1,782,259	1,782,259	1,702,090	80,169
Economic opportunity and development	763,563	1,206,139	1,262,762	(56,623)
Culture and recreation	3,821,962	5,248,095	5,786,924	(538,829)
Home and community services	7,148,976	7,591,511	8,078,702	(487,191)
Employee benefits	33,080,822	33,240,291	33,147,044	93,247
Total Expenditures	104,353,050	107,032,901	113,815,806	(6,782,905)
Excess (Deficiency) of Revenues Over Expenditures	(1,981,498)	(1,982,673)	(2,662,564)	(679,891)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000,000	1,000,000	712,996	(287,004)
Transfers out	(2,868,084)	(2,868,084)	(2,418,084)	450,000
Total Other Financing Uses	(1,868,084)	(1,868,084)	(1,705,088)	162,996
Net Change in Fund Balance	(3,849,582)	(3,850,757)	(4,367,652)	(516,895)
FUND BALANCE				
Beginning of Year	3,849,582	3,850,757	15,152,918	11,302,161
End of Year	\$ -	\$ -	\$ 10,785,266	\$ 10,785,266

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, 2017

ASSETS

Current assets

Due from other funds \$ 4,947,069

LIABILITIES

Current liabilities

Current portion of compensated absences 495,000

Noncurrent liabilities

Compensated absences, less current portion 4,452,069

Total Liabilities \$ 4,947,069

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, 2017

OPERATING REVENUES

Charges for services \$ 8,395

OPERATING EXPENSES

Employee benefits 8,395

Change in Net Position -

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, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from other funds	\$ 8,395
Payments to employees	<u>(8,395)</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	8,395
Compensated absences	<u>(8,395)</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 Assets and Liabilities
Fiduciary Fund
December 31, 2017

	<u>Agency</u>
ASSETS	
Cash and equivalents	<u>\$ 1,484,180</u>
LIABILITIES	
Accounts payable	\$ 227,516
Deposits and overpayments	<u>1,256,664</u>
Total Liabilities	<u>\$ 1,484,180</u>

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

(This page intentionally left blank)

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:

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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) - Fiduciary Funds are used to account for assets held by the City in an agency capacity on behalf of others. The City's Agency Fund is primarily utilized to account for employee payroll tax withholdings or deposits that are payable to other jurisdictions or individuals.

Note 1 - Summary of Significant Accounting Policies (Continued)

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. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. 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 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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 had a bank balance of \$3,382 that was not covered by depository insurance and was exposed to custodial credit risk at December 31, 2017.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

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.

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 \$3,930,750 at December 31, 2017. 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 - 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, 2017, 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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 not material.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 \$162,479 for various items in the Community Development Fund and \$126,786 for Federal and State aid received in advance in the Capital Projects Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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 \$6,632,229 for real property taxes in the General Fund and \$3,930,750 for mortgages receivable in the Community Development Fund. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

The City also reported deferred inflows of resources of \$581,664 for taxes collected in advance of the levy date in the General Fund and in the government-wide Statement of Net Position.

The City also reported deferred outflows of resources and deferred inflows of resources in relation to its pension obligations 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers 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 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.

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:

Note 1 - Summary of Significant Accounting Policies (Continued)

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 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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 4, 2024.

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. The Capital Projects Fund is budgeted on a project basis. Annual budgets are not adopted for the Community Development and Water funds.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- 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. Major amendments in the General Fund for the current year are as follows:

Operating expenditures and other financing uses funded by grants and use of appropriated fund balance	<u>\$ 2,679,851</u>
---	---------------------

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 2017, the maximum amount which could have been raised was \$87,571,642, which exceeded the levy subject to the tax limit by \$29,738,500, inclusive of the overlay to provide for uncollected taxes.

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

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

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.

D. Prior Period Adjustment - Component Unit

A net correction was made of \$96,390 to the January 1, 2017 beginning net position of the Mount Vernon Industrial Development Agency. A receivable of \$147,912 from previous years for past due rent payments were found to be without merit. In addition, a net correction of (\$51,522) was needed to correct various other errors.

E. Expenditures in Excess of Budget

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

General Fund	
General government support:	
Department of Finance	\$ 110,220
Expenses on City owned property	17,928
Law	1,348,905
Engineering	1,223
Public Works Commissioner's office	4,353
Vehicle maintenance	118,855
Special items:	
City-wide electricity charges	72,750
City-wide telephone charges	7,609
Judgments and claims	1,071,013
Tax certiorari payments	840,914
Tax abatements	71,477
Metropolitan commuter transportation mobility tax	11,145
Public safety:	
Police Department	3,777,906
Jail	30,647
Animal shelter	41,874
Fire Department	1,798,323
Transportation:	
Street lighting	23,328
Sidewalks	5,060
Off-street parking	5,441
Economic opportunity and development:	
Programs for the aging	1,478
Office for the Aging - Elderly nutrition	59,420

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 2 - Stewardship, Compliance and Accountability (Continued)

General Fund (Continued)	
Culture and recreation:	
Parks and recreation - Administration	\$ 49,879
Playgrounds	234,015
Neighborhood facility center	40,876
Youth programs	359,749
Adult education	9,420
Home and community services:	
Sanitary and storm sewers	351,133
Street cleaning	417,450
Employee benefits:	
Police and fire retirement	891,447
Social security	208,684
Workers' compensation benefits	228,569
Debt Service Fund	
Debt service	
Serial bonds - Interest	10

In addition, the entire General Fund budget was overexpended by \$6,332,905.

Additionally, the capital project entitled Police Justice Assistance Grant – 2016 exceeded its budgetary provisions by \$886.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at December 31, 2017 consisted of the following:

City taxes	\$ 4,879,460
County taxes	1,851,541
Relevied water rents	986,251
School district taxes	3,825,482
Property acquired for taxes	3,874,421
	<hr/>
	15,417,155
Less - Allowance for uncollectible taxes	(8,034,238)
	<hr/>
	\$ 7,382,917
	<hr/>

Property taxes receivable are partially offset in the fund financial statements by deferred tax revenues of \$6,632,229, which represents an estimate of the receivable which will not be collected within the first sixty days of the subsequent year.

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

B. Due From/To Other Funds

The composition of interfund balances at December 31, 2017 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 3,483,067	\$ 9,506,504
Capital Projects	1,660,399	31,839
Water	574,177	1,232,562
Debt Service	<u>2,440,633</u>	<u>2,334,440</u>
 Total Governmental Funds	 8,158,276	 13,105,345
 Internal Service	 <u>4,947,069</u>	 <u>-</u>
	<u>\$ 13,105,345</u>	<u>\$ 13,105,345</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:

<u>Class</u>	<u>Balance January 1, 2017</u>	<u>Additions/ Reclassifications</u>	<u>Deductions</u>	<u>Balance December 31, 2017</u>
Capital Assets, not being depreciated - Land	<u>\$ 5,730,931</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,730,931</u>
Capital Assets, being depreciated:				
Buildings	\$ 53,793,926	\$ 654,444	-	\$ 54,448,370
Improvements	3,855,615	147,103	-	4,002,718
Machinery and equipment	13,942,411	483,147	-	14,425,558
Vehicles	17,687,240	1,653,336	-	19,340,576
Infrastructure	<u>134,029,052</u>	<u>(3,768)</u>	<u>-</u>	<u>134,025,284</u>
Total Capital Assets, being Depreciated	<u>223,308,244</u>	<u>2,934,262</u>	<u>-</u>	<u>226,242,506</u>
Less Accumulated Depreciation for:				
Buildings	29,803,395	1,221,828	-	31,025,223
Improvements	2,743,019	75,349	-	2,818,368
Machinery and equipment	10,895,807	914,565	-	11,810,372
Vehicles	15,635,687	1,073,943	-	16,709,630
Infrastructure	<u>76,547,844</u>	<u>2,594,172</u>	<u>-</u>	<u>79,142,016</u>
Total Accumulated Depreciation	<u>135,625,752</u>	<u>5,879,857</u>	<u>-</u>	<u>141,505,609</u>
Total Capital Assets, being Depreciated, net	<u>\$ 87,682,492</u>	<u>\$ (2,945,595)</u>	<u>\$ -</u>	<u>\$ 84,736,897</u>
Capital Assets, Net	<u>\$ 93,413,423</u>	<u>\$ (2,945,595)</u>	<u>\$ -</u>	<u>\$ 90,467,828</u>

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

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

Governmental Activities:	
General Government Support	\$ 511,895
Public Safety	1,114,405
Transportation	515,359
Culture and Recreation	833,957
Home and Community Services	<u>2,904,241</u>
Total	<u>\$ 5,879,857</u>

Capital Assets - Component Unit

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

<u>Class</u>	<u>Balance January 1, 2017</u>	<u>Additions</u>	<u>Balance December 31, 2017</u>
Capital Assets, not being depreciated - Land	<u>\$ 245,000</u>	<u>\$ -</u>	<u>\$ 245,000</u>
Capital Assets, being depreciated - Buildings	\$ 2,206,623	\$ 8,456	\$ 2,215,079
Less Accumulated Depreciation for - Buildings	<u>760,500</u>	<u>54,584</u>	<u>815,084</u>
Total Capital Assets, being Depreciated, net	<u>\$ 1,446,123</u>	<u>\$ (46,128)</u>	<u>\$ 1,399,995</u>
Component Unit Capital Assets, net	<u>\$ 1,691,123</u>	<u>\$ (46,128)</u>	<u>\$ 1,644,995</u>

D. Accrued Liabilities

Accrued liabilities at December 31, 2017 were as follows:

	<u>Fund</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>Community Development</u>	<u>Water</u>	
Payroll and Employee Benefits	\$ 1,350,015	\$ 302,198	\$ 242,164	\$ 1,894,377
Taxes	691,071	-	-	691,071
Other	<u>880,789</u>	<u>50,191</u>	<u>-</u>	<u>930,980</u>
Total Accrued Liabilities	<u>\$ 2,921,875</u>	<u>\$ 352,389</u>	<u>\$ 242,164</u>	<u>\$ 3,516,428</u>

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

E. Long-Term Liabilities

The following table summarizes changes in the City's long-term liabilities for the year ended December 31, 2017:

	Balance January 1, 2017	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2017	Due Within One Year
Governmental Activities (inclusive of Internal Service Fund):					
General Obligation Bonds Payable:					
Capital construction	\$ 18,915,000	\$ -	\$ 1,515,000	\$ 17,400,000	\$ 1,545,000
Judgments and claims	2,630,000	-	185,000	2,445,000	190,000
	<u>21,545,000</u>	<u>-</u>	<u>1,700,000</u>	<u>19,845,000</u>	<u>1,735,000</u>
Plus					
Unamortized premium on bonds	455,060	-	62,767	392,293	-
	<u>22,000,060</u>	<u>-</u>	<u>1,762,767</u>	<u>20,237,293</u>	<u>1,735,000</u>
Other Non-Current Liabilities:					
Claims Payable	12,385,266	5,892,167	3,823,283	14,454,150	6,357,663
Compensated Absences	4,955,464	-	8,395	4,947,069	495,000
Net Pension Liability	38,202,108	-	14,344,095	23,858,013	-
Retirement Incentives and Other Pension Liabilities	8,424,696	930,151	927,781	8,427,066	1,024,844
Other Postemployment Benefit Obligations Payable	71,620,000	12,740,000	-	84,360,000	-
Total Other Non-Current Liabilities	<u>135,587,534</u>	<u>19,562,318</u>	<u>19,103,554</u>	<u>136,046,298</u>	<u>7,877,507</u>
Governmental Activities - Long-Term Liabilities	<u>\$ 157,587,594</u>	<u>\$ 19,562,318</u>	<u>\$ 20,866,321</u>	<u>\$ 156,283,591</u>	<u>\$ 9,612,507</u>

Each governmental fund's liability for compensated absences is liquidated by the Internal Service Fund, which is funded primarily by the General Fund. 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.

General Obligations Bonds Payable

General obligation bonds payable at December 31, 2017 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amount Outstanding at December 31, 2017
Various Public Improvements	2012	\$ 14,224,000	July, 2029	3.00-4.00 %	\$ 10,595,000
Various Public Improvements	2013	1,680,000	July, 2031	3.75-4.25	1,360,000
Tax Certiorari Obligations	2013	3,000,000	July, 2028	4.50-5.25	2,445,000
Refunding Bonds	2016	6,765,000	September, 2024	3.00	5,445,000
					<u>\$ 19,845,000</u>

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Interest expenditures of \$720,304 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$635,525 was recorded in the government-wide financial statements for governmental activities.

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.

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of December 31, 2017 including interest payments of \$4,124,051 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,735,000	\$ 665,919	\$ 2,400,919
2019	1,780,000	606,644	2,386,644
2020	1,830,000	542,019	2,372,019
2021	1,875,000	483,269	2,358,269
2022	1,935,000	427,144	2,362,144
2023-2027	7,910,000	1,237,500	9,147,500
2028-2031	2,780,000	161,556	2,941,556
	<u>\$ 19,845,000</u>	<u>\$ 4,124,051</u>	<u>\$ 23,969,051</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.

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.

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

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

	2017		2016	
	Workers' Compensation	General Liability	Workers' Compensation	General Liability
Unpaid Claims - Beginning of Year	\$ 1,081,939	\$ 2,759,211	\$ 1,127,978	\$ 2,868,490
Incurred Claims including IBNR's	4,012,053	5,463,426	876,523	263,958
Claims Paid and Adjustments	(1,183,727)	(2,639,556)	(922,562)	(373,237)
Unpaid Claims - End of Year	<u>\$ 3,910,265</u>	<u>\$ 5,583,081</u>	<u>\$ 1,081,939</u>	<u>\$ 2,759,211</u>
Due Within One Year	<u>\$ 848,527</u>	<u>4,641,598</u>	<u>\$ 290,478</u>	<u>\$ 275,921</u>

The City has restricted \$192,282 of the fund balance of the General Fund for workers' compensation benefits. The City has also restricted \$1,691,452 of the fund balance of the Water Fund for liability and casualty claims.

Claims payable also includes a liability of \$4,960,805 for court ordered tax certiorari refunds (\$867,838 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, 2017, the value of such accumulated leave was reflected in the Compensated Absences Internal Service Fund.

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

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

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 2017 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I	21.7%
	2 75I	19.7
	3 A15	16.0
	4 A15	16.0
	5 A15	13.1
	6 A15	9.3
PFRS	2 384D	24.6
	3 384D	24.3
	3 384F	22.3
	5 384F	17.3
	5 384D	19.9
	6 384D	14.8

At December 31, 2017, 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, 2017	March 31, 2017
Net pension liability	\$ 7,310,258	\$ 16,547,755
City's proportion of the net pension liability	0.0778000%	0.7983856%
Change in proportion since the prior measurement date	(0.0024498%)	(0.0568530%)

The net pension liability was measured as of March 31, 2017 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.

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

For the year ended December 31, 2017, the City recognized pension expense in the government-wide financial statements of \$4,224,840 for ERS and \$8,269,379 for PFRS. Pension expenditures of \$3,204,192 for ERS and \$6,926,355 for PFRS were recorded in the fund financial statements and were charged to the following funds:

Fund	ERS	PFRS
General	\$ 2,845,026	\$ 6,926,355
Community Development	92,181	-
Water	266,985	-
	<u>\$ 3,204,192</u>	<u>\$ 6,926,355</u>

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 183,189	\$ 1,110,104	\$ 2,170,780	\$ 2,859,085
Changes of assumptions	2,497,452	-	8,152,383	-
Net difference between projected and actual earnings on pension plan investments	1,460,154	-	2,471,383	-
Changes in proportion and differences between City contributions and proportionate share of contributions	234,834	116,202	-	1,257,522
City contributions subsequent to the measurement date	2,260,959	-	6,099,044	-
	<u>\$ 6,636,588</u>	<u>\$ 1,226,306</u>	<u>\$ 18,893,590</u>	<u>\$ 4,116,607</u>
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 2,353,969	\$ 3,969,189		
Changes of assumptions	10,649,835	-		
Net difference between projected and actual earnings on pension plan investments	3,931,537	-		
Changes in proportion and differences between City contributions and proportionate share of contributions	234,834	1,373,724		
City contributions subsequent to the measurement date	8,360,003	-		
	<u>\$ 25,530,178</u>	<u>\$ 5,342,913</u>		

\$2,260,959 and \$6,099,044 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, 2018. 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:

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Year Ended March 31,	ERS	PFRS
2018	\$ 1,419,747	\$ 2,951,554
2019	1,419,747	2,951,554
2020	1,293,672	2,767,099
2021	(983,843)	(348,902)
2022	-	356,634
Thereafter	-	-
	<u>\$ 3,149,323</u>	<u>\$ 8,677,939</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, 2017	March 31, 2017
Actuarial valuation date	April 1, 2016	April 1, 2016
Investment rate of return	7.0% *	7.0%
Salary scale	3.8%	4.5%
Inflation rate	2.5%	2.5%
Cost of living adjustments	1.3%	1.3%

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

Annuitant mortality rates are based on the System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below.

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	36 %	4.55 %
International Equity	14	6.35
Private Equity	10	7.75
Real Estate	10	5.80
Absolute Return Strategies	2	4.00
Opportunistic Portfolio	3	5.89
Real Assets	3	5.54
Bonds and Mortgages	17	1.31
Cash	1	(0.25)
Inflation Indexed Bonds	4	1.50
	<u>100 %</u>	

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

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon 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 7.0%, 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 (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	<u>1% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
City's proportionate share of the ERS net pension liability (asset)	<u>\$ 23,347,516</u>	<u>\$ 7,310,258</u>	<u>\$ (6,249,213)</u>
City's proportionate share of the PFRS net pension liability (asset)	<u>\$ 46,911,925</u>	<u>\$ 16,547,755</u>	<u>\$ (8,920,351)</u>

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

The components of the collective net pension liability as of the March 31, 2017 measurement date were as follows:

	ERS	PFRS	Total
Total pension liability	\$ 177,400,586,000	\$ 31,670,483,000	\$ 209,071,069,000
Fiduciary net position	168,004,363,000	29,597,830,000	197,602,193,000
Employers' net pension liability	<u>\$ 9,396,223,000</u>	<u>\$ 2,072,653,000</u>	<u>\$ 11,468,876,000</u>
Fiduciary net position as a percentage of total pension liability	<u>94.7%</u>	<u>93.5%</u>	<u>94.5%</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, 2017 represent the employer contribution for the period of April 1, 2017 through December 31, 2017 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, 2017 were \$2,260,959 and \$6,099,044, 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, 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

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

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 2017 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
2010 ERS	\$ 340,169	\$ 44,054	\$ 119,969	\$ 38,055
2011 ERS	868,074	105,698	385,943	91,225
2011 PFRS	212,999	25,935	94,698	22,384
2012 ERS	1,134,113	132,953	608,884	114,686
2012 PFRS	1,287,368	150,919	691,163	130,184
2013 ERS	1,340,496	140,851	957,782	104,838
2013 PFRS	2,345,883	246,491	1,676,129	183,468
2014 ERS	1,335,823	138,236	1,051,659	101,428
2014 PFRS	1,200,104	124,192	944,810	91,123
2015 ERS	1,012,416	103,601	869,916	74,806
2015 PFRS	111,682	11,429	95,962	8,252
2018 PFRS	930,151	-	930,151	64,395
	<u>\$ 12,119,278</u>	<u>\$ 1,224,359</u>	<u>\$ 8,427,066</u>	<u>\$ 1,024,844</u>

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

Other Postemployment Benefit Obligations Payable

In addition to providing pension benefits, the City provides certain health care benefits for retired employees through a single employer defined benefit 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. 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. The cost of retiree health care benefits is recognized as an expenditure/expense as claims are paid.

The City’s annual other postemployment benefit (“OPEB”) cost (expense) is calculated based on the annual required contribution (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees’ medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the “pay-as-you-go” approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a “normal cost”, an “actuarial accrued liability”, and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing

Note 3 - Detailed Notes on All Funds (Continued)

basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The City is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in post-retirement benefits are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Medical</u>
2018	8.0 %
2019	7.5
2020	7.0
2021	6.5
2022	6.0
2023	5.5
2024+	5.0

The amortization basis is the level percentage of payroll method with an open amortization approach with 22 years remaining in the amortization period. The actuarial assumptions include a 4.5% investment rate of return. The City currently has no assets set aside for the purpose of paying postemployment benefits. The actuarial cost method utilized was the projected unit credit method.

The number of participants as of December 31, 2017 was as follows:

Active Employees	726
Retired Employees	<u>298</u>
	<u><u>1,024</u></u>

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Amortization Component:	
Actuarial Accrued Liability as of January 1, 2017	\$ 161,460,000
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 161,460,000</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (active plan members)	<u>\$ 62,010,000</u>
UAAL as a Percentage of Covered Payroll	<u>260.38%</u>
Annual Required Contribution	\$ 17,620,000
Interest on Net OPEB Obligation	3,220,000
Adjustments to Annual Required Contribution	<u>(4,210,000)</u>
Annual OPEB Cost	16,630,000
Contributions Made *	<u>(3,890,000)</u>
Increase in Net OPEB Obligation	12,740,000
Net OPEB Obligation - Beginning of Year	<u>71,620,000</u>
Net OPEB Obligation - End of Year	<u>\$ 84,360,000</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and two preceding years is as follows:

Fiscal Year Ended December 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	\$ 16,630,000	23.40 %	\$ 84,360,000
2016	15,570,000	22.50	71,620,000
2015	13,280,000	24.60	61,360,000

The schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

F. Significant Commitments - Encumbrances

As discussed in Note 2.A, Budgetary Data, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At December 31, 2017, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	<u>\$ 727,060</u>
--------------	-------------------

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

G. 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:

<u>Transfer Out</u>	<u>Transfers In</u>		<u>Total</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	
General Fund	\$ -	\$ 2,418,084	\$ 2,418,084
Capital Projects Fund	-	4,103	4,103
Water Fund	712,996	-	712,996
	<u>\$ 712,996</u>	<u>\$ 2,422,187</u>	<u>\$ 3,135,183</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, 2) move funds from the Community Development Fund to the General Fund to satisfy interfund obligations, 3) move surplus revenues from the Water Fund to the General Fund and 4) move amounts earmarked in the operating funds to fulfill commitments for Capital Projects Fund expenditures.

H. 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.

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Industrial Development Agency - 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 of Mount Vernon.

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, 2017

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balances

	2017					2016						
	General Fund	Community Development Fund	Capital Projects Fund	Water Fund	Debt Service Fund	Total	General Fund	Community Development Fund	Capital Projects Fund	Water Fund	Debt Service Fund	Total
Nonspendable:												
Prepaid expenditures	\$ 5,593,471	\$ 18,609	\$ -	\$ -	\$ -	\$ 5,612,080	\$ 4,127,571	\$ 17,795	\$ -	\$ -	\$ 268,132	\$ 4,413,498
Inventory	-	-	-	467,993	-	467,993	-	-	-	321,696	-	321,696
Total Nonspendable	5,593,471	18,609	-	467,993	-	6,080,073	4,127,571	17,795	-	321,696	268,132	4,735,194
Restricted:												
Workers' compensation benefits	192,282	-	-	-	-	192,282	192,186	-	-	-	-	192,186
Capital projects	-	-	4,445,332	-	-	4,445,332	-	-	4,450,017	-	-	4,450,017
Liability and casualty claims	-	-	-	1,691,452	-	1,691,452	-	-	-	1,631,451	-	1,631,451
Debt service	-	-	-	-	104,407	104,407	-	-	-	-	-	-
Debt service - for subsequent year's expenditures	-	-	-	-	1,936	1,936	-	-	-	-	-	-
Community development purposes	-	723,238	-	-	-	723,238	-	520,224	-	-	-	520,224
Total Restricted	192,282	723,238	4,445,332	1,691,452	106,343	7,158,647	192,186	520,224	4,450,017	1,631,451	-	6,793,878
Committed:												
Additions, betterments and replacements	-	-	-	752,140	-	752,140	-	-	-	502,139	-	502,139
Maintenance of water supply system	-	-	-	569,277	-	569,277	-	-	-	369,277	-	369,277
Total Committed	-	-	-	1,321,417	-	1,321,417	-	-	-	871,416	-	871,416
Assigned:												
Purchases on order:												
General government support	173,151	-	-	-	-	173,151	191,955	-	-	-	-	191,955
Public safety	111,329	-	-	-	-	111,329	221,101	-	-	-	-	221,101
Health	823	-	-	-	-	823	-	-	-	-	-	-
Transportation	4,999	-	-	-	-	4,999	29,311	-	-	-	-	29,311
Economic opportunity and development	22,108	-	-	-	-	22,108	21,403	-	-	-	-	21,403
Culture and recreation	392,154	-	-	-	-	392,154	46,290	-	-	-	-	46,290
Home and community services	22,496	-	-	-	-	22,496	18,704	-	-	-	-	18,704
Total Assigned	727,060	-	-	-	-	727,060	528,764	-	-	-	-	528,764
Subsequent year's expenditures from:												
General Fund	-	-	-	-	-	-	3,320,818	-	-	-	-	3,320,818
Future claims	2,273,017	-	-	-	-	2,273,017	-	-	-	-	-	-
Water Fund	-	-	-	2,177,484	-	2,177,484	-	-	-	2,812,996	-	2,812,996
Total Assigned	3,000,077	-	-	2,177,484	-	5,177,561	3,849,582	-	-	2,812,996	-	6,662,578
Unassigned												
Subsequent year's expenditures from:												
General Fund	5,500,000	-	-	-	-	5,500,000	-	-	-	-	-	-
Unassigned	(3,500,564)	-	-	-	-	(3,500,564)	6,983,579	-	-	-	(163,672)	6,819,907
Total Unassigned	1,999,436	-	-	-	-	1,999,436	6,983,579	-	-	-	(163,672)	6,819,907
Total Fund Balances (Deficits)	\$ 10,785,266	\$ 741,847	\$ 4,445,332	\$ 5,658,346	\$ 106,343	\$ 21,737,134	\$ 15,152,918	\$ 538,019	\$ 4,450,017	\$ 5,637,559	\$ 104,460	\$ 25,882,973

Note 3 - Detailed Notes on All Funds (Continued)

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.

Inventories in the Water Fund have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of commodities and the City anticipates utilizing them in the normal course of operations.

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.

Subsequent year's expenditures represent that at December 31, 2017, the City Council has assigned the above amounts to be appropriated for the ensuing year's budget.

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 \$15,000,000 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.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

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.

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 \$10 million, 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 \$10 million, excess an SIR of \$100,000 per occurrence for claims since 2010. 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.

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.

City of Mount Vernon, New York

Notes to Financial Statements (Continued)
December 31, 2017

Note 6 - Tax Abatements (Continued)

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, 2017 is as follows:

<u>Start Date</u>	<u>Agreement</u>	<u>Taxable Assessed Value</u>	<u>Tax Rate</u>	<u>Tax Value</u>	<u>PILOT Received</u>	<u>Taxes Abated</u>
9/1/2015	Levister Towers	\$ 862,000	\$ 0.39597	\$ 341,326	\$ 93,184	\$ 248,142
12/1/2015	Petrillo	112,660	0.39597	44,610	32,031	12,579
1/1/1983	Wartburgh	3,618,200	0.39597	1,432,699	73,226	1,359,473
12/1/2020	Ebony Gardens	311,650	0.39597	123,404	345,580	-
12/31/2015	Greater Centennial Homes	354,080	0.39597	140,205	-	140,205
		<u>\$ 5,258,590</u>		<u>\$ 2,082,244</u>	<u>\$ 544,021</u>	<u>\$ 1,760,399</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

Note 7 - Subsequent Events (Continued)

from 2018-2020, the School District elected to take over the billing and collection of school taxes effective with its's 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 \$5.9 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 wwe1.osc.state.ny.us.

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 6.5% that will mature in November 2024.

Note 8 - Recently Issued GASB Pronouncements

GASB Statement No. 84, "*Fiduciary Activities*," improved guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities. The focus of the criteria is on (a) whether a government *controls* the assets of the fiduciary activity and (b) the *beneficiaries* with whom a fiduciary relationship exists. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

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.

Note 8 - Recently Issued GASB Pronouncements (Continued)

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.

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.

* * * * *

(This page intentionally left blank)

City of Mount Vernon, New York

Required Supplementary Information - Schedule of Funding Progress
 Other Post Employment Benefits
 Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
Valuation Date	Value of Assets	Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
January 1, 2015	\$ -	\$ 131,450,000	\$ 131,450,000	- %	\$ 55,360,000	237.45 %
January 1, 2016	-	151,111,000	151,111,000	-	61,350,000	246.31
January 1, 2017	-	161,460,000	161,460,000	-	62,010,000	260.38

See independent auditors' report.

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)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	<u>0.0778000%</u>	<u>0.0802498%</u>	<u>0.0813849%</u>
City's proportionate share of the net pension liability	<u>\$ 7,310,258</u>	<u>\$ 12,880,315</u>	<u>\$ 2,749,381</u>
City's covered payroll	<u>\$ 19,679,508</u>	<u>\$ 20,843,445</u>	<u>\$ 21,254,838</u>
City's proportionate share of the net pension liability as a percentage of its covered payroll	<u>37.15%</u>	<u>61.80%</u>	<u>12.94%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>

Schedule of Contributions

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	<u>\$ 3,161,136</u>	<u>\$ 3,762,662</u>	<u>\$ 3,356,410</u>
Contributions in relation to the contractually required contribution	<u>(3,161,136)</u>	<u>(3,762,662)</u>	<u>(3,356,410)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	<u>\$ 20,169,013</u>	<u>\$ 18,764,023</u>	<u>\$ 19,134,374</u>
Contributions as a percentage of covered payroll	<u>15.67%</u>	<u>20.05%</u>	<u>17.54%</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.

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)

	2017	2016	2015
City's proportion of the net pension liability	<u>0.7983856%</u>	<u>0.8552386%</u>	<u>0.8663737%</u>
City's proportionate share of the net pension liability	<u>\$ 16,547,755</u>	<u>\$ 25,321,793</u>	<u>\$ 2,384,776</u>
City's covered payroll	<u>\$ 35,408,391</u>	<u>\$ 28,897,760</u>	<u>\$ 27,752,986</u>
City's proportionate share of the net pension liability as a percentage of its covered payroll	<u>46.73%</u>	<u>87.63%</u>	<u>8.59%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>93.50%</u>	<u>90.20%</u>	<u>99.00%</u>

Schedule of Contributions

	2017	2016	2015
Contractually required contribution	\$ 6,663,870	\$ 5,749,156	\$ 6,185,009
Contributions in relation to the contractually required contribution	<u>(6,663,870)</u>	<u>(5,749,156)</u>	<u>(6,185,009)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	<u>\$ 33,440,029</u>	<u>\$ 30,102,307</u>	<u>\$ 28,909,815</u>
Contributions as a percentage of covered payroll	<u>19.93%</u>	<u>19.10%</u>	<u>21.39%</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.

(This page intentionally left blank)

City of Mount Vernon, New York

General Fund
Comparative Balance Sheet
December 31,

	2017	2016
ASSETS		
Cash and equivalents	\$ 15,812,959	\$ 24,191,330
Taxes receivable		
City taxes	4,879,460	4,483,963
County taxes	1,851,541	1,781,436
Relieved water rents	986,251	1,073,196
School district taxes	3,825,482	3,094,319
Property acquired for taxes	3,874,421	3,940,716
	15,417,155	14,373,630
Allowance for uncollectible taxes	(8,034,238)	(7,706,985)
	7,382,917	6,666,645
Other receivables		
Accounts, net of allowance for uncollectible amounts of \$313,748 in 2017 and 2016	2,438,786	2,119,107
State and Federal aid	2,462,140	1,747,901
Due from other governments	889,271	873,261
Due from other funds	3,483,067	155,407
	9,273,264	4,895,676
Prepaid expenditures	5,593,471	4,127,571
Total Assets	<u>\$ 38,062,611</u>	<u>\$ 39,881,222</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 2,242,619	\$ 2,328,715
Accrued liabilities	2,921,875	5,695,935
Due to other governments	429,979	477,764
Due to school district	3,164,391	1,529,169
Due to other funds	9,506,504	6,467,559
Overpayments	1,798,084	1,707,447
Total Liabilities	20,063,452	18,206,589
Deferred inflows of resources		
Deferred tax revenues	6,632,229	5,954,713
Taxes collected in advance	581,664	567,002
Total Deferred Inflows of Resources	7,213,893	6,521,715
Total Liabilities and Deferred Inflows of Resources	27,277,345	24,728,304
Fund balance		
Nonspendable	5,593,471	4,127,571
Restricted	192,282	192,186
Assigned	3,000,077	3,628,764
Unassigned	1,999,436	7,204,397
Total Fund Balance	10,785,266	15,152,918
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 38,062,611</u>	<u>\$ 39,881,222</u>

See independent auditors' report.

City of Mount Vernon, New York

General Fund
 Comparative Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Years Ended December 31,

	2017			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 59,003,436	\$ 59,003,436	\$ 59,374,493	\$ 371,057
Other tax items	3,255,289	3,255,289	4,499,892	1,244,603
Non-property taxes	20,300,000	20,300,000	22,277,442	1,977,442
Departmental income	4,340,800	4,392,511	3,991,493	(401,018)
Intergovernmental charges	1,190,000	1,364,791	1,501,000	136,209
Use of money and property	745,000	745,000	718,583	(26,417)
Licenses and permits	1,322,500	1,322,500	1,183,286	(139,214)
Fines and forfeitures	3,404,500	3,404,500	3,273,574	(130,926)
Sale of property and compensation for loss	23,500	23,500	220,403	196,903
State aid	8,607,527	9,673,523	10,391,187	717,664
Federal aid	43,000	1,384,258	1,368,058	(16,200)
Miscellaneous	136,000	180,920	2,353,831	2,172,911
Total Revenues	102,371,552	105,050,228	111,153,242	6,103,014
EXPENDITURES				
Current				
General government support	18,560,042	18,647,467	18,981,671	(334,204)
Public safety	38,842,182	38,879,666	44,419,963	(5,540,297)
Health	353,244	437,473	436,650	823
Transportation	1,782,259	1,782,259	1,702,090	80,169
Economic opportunity and development	763,563	1,206,139	1,262,762	(56,623)
Culture and recreation	3,821,962	5,248,095	5,786,924	(538,829)
Home and community services	7,148,976	7,591,511	8,078,702	(487,191)
Employee benefits	33,080,822	33,240,291	33,147,044	93,247
Total Expenditures	104,353,050	107,032,901	113,815,806	(6,782,905)
Excess (Deficiency) of Revenues Over Expenditures	(1,981,498)	(1,982,673)	(2,662,564)	(679,891)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,000,000	1,000,000	712,996	(287,004)
Transfers out	(2,868,084)	(2,868,084)	(2,418,084)	450,000
Total Other Financing Uses	(1,868,084)	(1,868,084)	(1,705,088)	162,996
SPECIAL ITEM				
Net Change in Fund Balance	(3,849,582)	(3,850,757)	(4,367,652)	(516,895)
FUND BALANCE				
Beginning of Year	3,849,582	3,850,757	15,152,918	11,302,161
End of Year	\$ -	\$ -	\$ 10,785,266	\$ 10,785,266

See independent auditors' report.

2016			
Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 58,465,792	\$ 58,465,792	\$ 60,040,591	\$ 1,574,799
2,911,986	2,911,986	5,334,344	2,422,358
19,900,000	19,900,000	20,610,056	710,056
4,378,800	4,429,224	4,502,256	73,032
520,000	710,064	1,224,729	514,665
750,000	750,000	738,445	(11,555)
1,684,500	1,684,500	1,096,922	(587,578)
3,507,500	3,507,500	3,204,179	(303,321)
26,000	26,000	23,724	(2,276)
8,504,678	9,155,354	9,761,574	606,220
32,500	1,326,353	1,311,853	(14,500)
156,000	185,062	330,122	145,060
<u>100,837,756</u>	<u>103,051,835</u>	<u>108,178,795</u>	<u>5,126,960</u>
18,027,388	16,343,993	15,996,397	347,596
38,689,119	44,954,664	44,684,880	269,784
351,350	744,892	744,347	545
1,737,809	1,565,033	1,526,872	38,161
710,940	1,217,272	1,174,562	42,710
3,649,525	5,643,353	5,539,538	103,815
6,454,970	6,770,722	6,722,213	48,509
31,653,366	30,927,383	30,922,844	4,539
<u>101,274,467</u>	<u>108,167,312</u>	<u>107,311,653</u>	<u>855,659</u>
<u>(436,711)</u>	<u>(5,115,477)</u>	<u>867,142</u>	<u>5,982,619</u>
1,056,684	1,086,680	434,701	(651,979)
<u>(2,971,472)</u>	<u>(3,994,357)</u>	<u>(3,994,357)</u>	<u>-</u>
(1,914,788)	(2,907,677)	(3,559,656)	(651,979)
-	-	(1,400,811)	(1,400,811)
(2,351,499)	(8,023,154)	(4,093,325)	3,929,829
<u>2,351,499</u>	<u>8,023,154</u>	<u>19,246,243</u>	<u>11,223,089</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,152,918</u>	<u>\$ 15,152,918</u>

City of Mount Vernon, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget
 Year Ended December 31, 2017
 (With Comparative Actuals for 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2016 Actual
REAL PROPERTY TAXES	\$ 59,003,436	\$ 59,003,436	\$ 59,374,493	\$ 371,057	\$ 60,040,591
OTHER TAX ITEMS					
Interest and penalties on real property taxes	1,255,000	1,255,000	1,069,708	(185,292)	1,429,790
Payments in lieu of taxes	500,289	500,289	544,021	43,732	489,035
Gain/(Loss) on sale of tax acquired property	-	-	(36,461)	(36,461)	1,174,133
Real estate transfer tax	1,500,000	1,500,000	2,922,624	1,422,624	2,241,386
	<u>3,255,289</u>	<u>3,255,289</u>	<u>4,499,892</u>	<u>1,244,603</u>	<u>5,334,344</u>
NON-PROPERTY TAXES					
Utilities gross receipts taxes	850,000	850,000	827,291	(22,709)	765,975
Cable television franchise taxes	1,100,000	1,100,000	1,185,701	85,701	1,146,521
Sales taxes	18,350,000	18,350,000	20,264,450	1,914,450	18,697,560
	<u>20,300,000</u>	<u>20,300,000</u>	<u>22,277,442</u>	<u>1,977,442</u>	<u>20,610,056</u>
DEPARTMENTAL INCOME					
Parking meter and permit fees	2,100,000	2,100,000	1,834,555	(265,445)	2,041,820
Red light camera demonstration program	890,000	890,000	828,517	(61,483)	1,150,422
Charges for tax advertising	55,000	55,000	8,250	(46,750)	33,500
Comptroller's fees	565,200	565,200	449,699	(115,501)	608,830
City Clerk fees	12,300	12,300	59,075	46,775	14,210
Police Department fees	25,500	25,500	23,890	(1,610)	28,767
Fire Department fees	700	700	139	(561)	155
Animal shelter fees	10,000	13,706	8,376	(5,330)	17,304
Safety inspection fees	145,000	145,000	233,570	88,570	42,435
Vital statistics	35,000	35,000	33,959	(1,041)	35,715
Public works fees	56,000	56,000	54,508	(1,492)	52,197
Bus shelter and scale fees	115,000	115,000	91,030	(23,970)	117,085
Park and recreation charges	85,000	114,868	99,034	(15,834)	76,978
Zoning and Planning Board fees	40,500	40,500	15,640	(24,860)	24,490
Sewer rents	40,000	40,000	42,887	2,887	43,058
Emergency Tenant Protection charges	70,000	70,000	72,322	2,322	70,513
Participant's contributions - Nutrition programs	-	18,137	18,137	-	21,898
Other departmental income	95,600	95,600	117,905	22,305	122,879
	<u>4,340,800</u>	<u>4,392,511</u>	<u>3,991,493</u>	<u>(401,018)</u>	<u>4,502,256</u>

INTERGOVERNMENTAL CHARGES

County prisoner transportation	180,000	180,000	179,734	(266)	175,733
Police Department services	1,000,000	1,005,162	1,141,224	136,062	812,048
Administrative charges - Industrial Development Agency	-	7,835	7,835	-	7,167
Other	10,000	171,794	172,207	413	229,781

	<u>1,190,000</u>	<u>1,364,791</u>	<u>1,501,000</u>	<u>136,209</u>	<u>1,224,729</u>
--	------------------	------------------	------------------	----------------	------------------

USE OF MONEY AND PROPERTY

Earnings on investments	40,000	40,000	42,498	2,498	58,755
Earnings on investments - Restricted to workers' compensation benefits	-	-	96	96	77
Rentals of real property	695,000	695,000	660,637	(34,363)	668,192
Commissions	10,000	10,000	15,352	5,352	11,421

	<u>745,000</u>	<u>745,000</u>	<u>718,583</u>	<u>(26,417)</u>	<u>738,445</u>
--	----------------	----------------	----------------	-----------------	----------------

LICENSES AND PERMITS

Business and occupational licenses	110,500	110,500	91,098	(19,402)	110,141
Dog licenses and apportionment	1,000	1,000	1,024	24	1,152
Public safety permits	45,000	45,000	50,490	5,490	43,785
Building permits	875,000	875,000	583,594	(291,406)	534,656
Street opening permits	61,000	61,000	159,051	98,051	87,419
Plumbing permits	75,000	75,000	86,095	11,095	88,929
Other permits	155,000	155,000	211,934	56,934	230,840

	<u>1,322,500</u>	<u>1,322,500</u>	<u>1,183,286</u>	<u>(139,214)</u>	<u>1,096,922</u>
--	------------------	------------------	------------------	------------------	------------------

FINES AND FORFEITURES

Fines and forfeited bail	3,404,500	3,404,500	3,273,274	(131,226)	3,203,479
Forfeiture of deposits	-	-	300	300	700

	<u>3,404,500</u>	<u>3,404,500</u>	<u>3,273,574</u>	<u>(130,926)</u>	<u>3,204,179</u>
--	------------------	------------------	------------------	------------------	------------------

SALE OF PROPERTY AND COMPENSATION FOR LOSS

Sale of scrap	1,500	1,500	656	(844)	424
Sale of real property	-	-	-	-	10,000
Insurance recoveries	20,000	20,000	219,066	199,066	10,915
Other compensation for loss	2,000	2,000	681	(1,319)	2,385

	<u>23,500</u>	<u>23,500</u>	<u>220,403</u>	<u>196,903</u>	<u>23,724</u>
--	---------------	---------------	----------------	----------------	---------------

(Continued)

(This page intentionally left blank)

City of Mount Vernon, New York

General Fund

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

Year Ended December 31, 2017

(With Comparative Actuals for 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2016 Actual
STATE AID					
Per capita	\$ 7,115,691	\$ 7,115,691	\$ 7,155,691	\$ 40,000	\$ 7,155,691
Mortgage tax	850,000	850,000	1,430,723	580,723	1,181,912
Unified court system	-	-	-	-	79,150
Public safety grant	250,000	250,000	348,212	98,212	124,596
Mental health - Westchester County	391,836	507,178	507,331	153	388,872
Youth programs	-	262,117	262,117	-	285,687
Supplemental nutrition assistance program	-	90,570	92,061	1,491	106,353
Comprehensive adolescent pregnancy prevention program	-	136,631	136,631	-	221,871
BOA program grant	-	441,363	441,363	-	197,442
Veteran's services	-	-	17,058	17,058	-
Environmental Facilities	-	-	-	-	20,000
Other	-	19,973	-	(19,973)	-
	<u>8,607,527</u>	<u>9,673,523</u>	<u>10,391,187</u>	<u>717,664</u>	<u>9,761,574</u>
FEDERAL AID					
Civil defense	25,000	25,000	-	(25,000)	-
Programs for the aging	18,000	24,684	24,684	-	21,714
Workforce investment act	-	211,969	211,969	-	259,331
Police probation ride along grant	-	-	-	-	33,973
21st century community learning centers grant	-	828,904	828,904	-	736,783
Farmers' market promotion program	-	10,000	18,800	8,800	10,000
Comprehensive adolescent pregnancy prevention program	-	145,083	145,083	-	124,208
Nutrition for the elderly - Title IIIC	-	138,618	138,618	-	125,844
	<u>43,000</u>	<u>1,384,258</u>	<u>1,368,058</u>	<u>(16,200)</u>	<u>1,311,853</u>
MISCELLANEOUS					
Refund of prior year's expenditures	25,000	25,000	2,201,012	2,176,012	183,618
Gifts and donations	100,000	144,920	144,920	-	142,050
Other	11,000	11,000	7,899	(3,101)	4,454
	<u>136,000</u>	<u>180,920</u>	<u>2,353,831</u>	<u>2,172,911</u>	<u>330,122</u>
TOTAL REVENUES	<u>102,371,552</u>	<u>105,050,228</u>	<u>111,153,242</u>	<u>6,103,014</u>	<u>108,178,795</u>
OTHER FINANCING SOURCES					
Transfers in					
Water Fund	1,000,000	1,000,000	712,996	(287,004)	434,701
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 103,371,552</u>	<u>\$ 106,050,228</u>	<u>\$ 111,866,238</u>	<u>\$ 5,816,010</u>	<u>\$ 108,613,496</u>

See independent auditors' report.

City of Mount Vernon, New York

General Fund
 Schedule of Expenditures, Other Financing Uses and Special Item Compared to Budget
 Year Ended December 31, 2017
 (With Comparative Actuals for 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2016 Actual
GENERAL GOVERNMENT SUPPORT					
City Council	\$ 292,045	\$ 292,045	\$ 197,602	\$ 94,443	\$ 235,145
Board of Estimate and Contract	3,000	3,000	1,112	1,888	342
Mayor	498,258	498,258	326,112	172,146	347,435
Department of Finance	1,374,758	1,374,758	1,484,978	(110,220)	1,448,772
Inspector General	-	-	-	-	(5,210)
Assessment and Taxation	341,808	341,808	295,015	46,793	275,298
Expenses on City owned property	375,000	375,000	392,928	(17,928)	461,026
City Clerk	519,484	519,484	515,663	3,821	448,867
Law	1,233,879	1,233,879	2,582,784	(1,348,905)	1,540,563
Civil service	215,763	215,763	192,511	23,252	221,837
Personnel	162,988	162,989	127,305	35,684	111,051
Elections	123,024	123,024	2,339	120,685	116,880
Bureau of Management Services	871,956	871,956	827,806	44,150	767,152
Engineering	111,329	111,329	112,552	(1,223)	112,588
Public Works Commissioner's office	751,852	751,852	756,205	(4,353)	767,083
Building maintenance	1,104,245	1,104,245	942,380	161,865	940,213
Vehicle maintenance	2,751,915	2,826,915	2,945,770	(118,855)	2,373,196
Special items:					
Parking ticket processing fees	-	-	(898)	898	-
Independent audit	89,000	89,000	88,800	200	140,300
Unallocated insurance	980,000	992,424	946,456	45,968	937,719
City-wide electricity charges	1,845,259	1,845,259	1,918,009	(72,750)	1,723,265
City-wide telephone charges	350,000	350,000	357,609	(7,609)	343,262
Municipal association dues	5,000	5,000	-	5,000	876
Judgments and claims	500,000	500,000	1,571,013	(1,071,013)	1,140,025
Taxes on City property	135,000	135,000	119,084	15,916	133,163
Tax certiorari payments	1,150,000	1,150,000	1,990,914	(840,914)	1,182,618
Tax abatements	25,000	25,000	96,477	(71,477)	50,253
Metropolitan commuter transportation mobility tax	180,000	180,000	191,145	(11,145)	182,678
Contingency	2,569,479	2,569,479	-	2,569,479	-
	<u>18,560,042</u>	<u>18,647,467</u>	<u>18,981,671</u>	<u>(334,204)</u>	<u>15,996,397</u>

PUBLIC SAFETY

Police Department	23,194,158	23,227,936	27,005,842	(3,777,906)	26,327,158
Jail	238,733	238,733	269,380	(30,647)	226,045
Animal shelter	166,251	169,957	211,831	(41,874)	218,904
Fire Department	14,137,723	14,137,723	15,936,046	(1,798,323)	16,976,234
Architectural Board of Review	10,241	10,241	7,563	2,678	8,176
Building Department	1,004,536	1,004,536	900,747	103,789	845,489
Civil defense	90,540	90,540	88,554	1,986	82,874

	<u>38,842,182</u>	<u>38,879,666</u>	<u>44,419,963</u>	<u>(5,540,297)</u>	<u>44,684,880</u>
--	-------------------	-------------------	-------------------	--------------------	-------------------

HEALTH

Developmentally disabled programs	<u>353,244</u>	<u>437,473</u>	<u>436,650</u>	<u>823</u>	<u>744,347</u>
-----------------------------------	----------------	----------------	----------------	------------	----------------

TRANSPORTATION

Highway maintenance and repair	1,245,032	1,245,032	1,199,221	45,811	1,160,406
Maintenance of bridges	10,000	10,000	-	10,000	-
Snow removal	377,786	377,786	319,599	58,187	253,586
Street lighting	117,380	117,380	140,708	(23,328)	92,773
Sidewalks	32,061	32,061	37,121	(5,060)	16,082
Off-street parking	-	-	5,441	(5,441)	4,025

	<u>1,782,259</u>	<u>1,782,259</u>	<u>1,702,090</u>	<u>80,169</u>	<u>1,526,872</u>
--	------------------	------------------	------------------	---------------	------------------

ECONOMIC OPPORTUNITY AND DEVELOPMENT

Veteran's services	87,024	87,025	83,871	3,154	46,861
Consumer affairs	73,653	73,653	72,532	1,121	69,730
Youth board - Job training	835	189,400	189,400	-	253,192
Programs for the aging	306,609	306,609	308,087	(1,478)	280,063
Office for the Aging - Elderly nutrition	295,442	549,452	608,872	(59,420)	524,716

	<u>763,563</u>	<u>1,206,139</u>	<u>1,262,762</u>	<u>(56,623)</u>	<u>1,174,562</u>
--	----------------	------------------	------------------	-----------------	------------------

CULTURE AND RECREATION

Parks and recreation - Administration	624,606	624,606	674,485	(49,879)	669,868
Parks and recreation - Maintenance	1,395,630	1,320,630	1,249,451	71,179	1,230,397
Playgrounds	214,028	214,029	448,044	(234,015)	376,025
Neighborhood facility center	346,977	346,977	387,853	(40,876)	379,296
Pools	125,324	125,324	113,823	11,501	96,569
Youth programs	355,944	403,272	763,021	(359,749)	868,817
Youth bureau	440,490	441,074	430,214	10,860	478,367
Youth centers	251,010	1,704,230	1,642,660	61,570	1,383,425
Adult education	67,953	67,953	77,373	(9,420)	56,774

	<u>3,821,962</u>	<u>5,248,095</u>	<u>5,786,924</u>	<u>(538,829)</u>	<u>5,539,538</u>
--	------------------	------------------	------------------	------------------	------------------

(Continued)

City of Mount Vernon, New York

General Fund
 Schedule of Expenditures, Other Financing Uses and Special Item Compared to Budget (Continued)
 Year Ended December 31, 2017
 (With Comparative Actuals for 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2016 Actual
HOME AND COMMUNITY SERVICES					
Zoning Board of Appeals	\$ 47,880	\$ 47,880	\$ 21,700	\$ 26,180	\$ 22,453
Department of Planning and Development	1,071,588	1,514,562	1,373,111	141,451	490,030
Planning Board	42,260	42,260	17,252	25,008	17,118
ETPA administrative charge	65,000	65,000	61,200	3,800	61,530
Sanitary and storm sewers	818,370	818,369	1,169,502	(351,133)	755,669
Refuse disposal	3,184,911	3,184,911	3,105,983	78,928	3,332,752
Street cleaning	1,895,259	1,895,259	2,312,709	(417,450)	2,034,400
Shade trees	23,708	23,270	17,245	6,025	8,261
	<u>7,148,976</u>	<u>7,591,511</u>	<u>8,078,702</u>	<u>(487,191)</u>	<u>6,722,213</u>
EMPLOYEE BENEFITS					
State retirement	10,667,722	4,100,658	3,510,419	590,239	3,363,931
Police and fire retirement	10,100	6,593,874	7,485,321	(891,447)	6,458,129
Local police and fire retirement	-	-	-	-	7,561
Social security	3,926,000	3,994,171	4,202,855	(208,684)	4,183,022
Workers' compensation benefits	934,000	955,158	1,183,727	(228,569)	922,562
Employee assistance program	8,000	8,000	8,000	-	6,000
Unemployment benefits	285,000	286,643	102,753	183,890	235,601
Health and dental insurance	17,250,000	17,301,787	16,653,969	647,818	15,746,038
	<u>33,080,822</u>	<u>33,240,291</u>	<u>33,147,044</u>	<u>93,247</u>	<u>30,922,844</u>
TOTAL EXPENDITURES	<u>104,353,050</u>	<u>107,032,901</u>	<u>113,815,806</u>	<u>(6,782,905)</u>	<u>107,311,653</u>
OTHER FINANCING USES					
Transfers out					
Capital Projects Fund	450,000	450,000	-	450,000	1,472,885
Debt Service Fund	2,418,084	2,418,084	2,418,084	-	2,521,472
TOTAL OTHER FINANCING USES	<u>2,868,084</u>	<u>2,868,084</u>	<u>2,418,084</u>	<u>450,000</u>	<u>3,994,357</u>
SPECIAL ITEM	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,400,811</u>
TOTAL EXPENDITURES, OTHER FINANCING USES AND SPECIAL ITEM	<u>\$ 107,221,134</u>	<u>\$ 109,900,985</u>	<u>\$ 116,233,890</u>	<u>\$ (6,332,905)</u>	<u>\$ 112,706,821</u>

See independent auditors' report.

City of Mount Vernon, New York

Community Development Fund
Comparative Balance Sheet
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 1,161,374	\$ 670,473
Receivables		
Accounts, net of allowance for uncollectible amount of \$43,008 in 2017	-	51,871
State and Federal aid	77,149	187,985
Due from other governments	358	358
Mortgages, net of allowance for uncollectible amounts of \$882,509 in 2017 and 2016	<u>3,930,750</u>	<u>4,226,407</u>
	<u>4,008,257</u>	<u>4,466,621</u>
Prepaid expenditures	<u>18,609</u>	<u>17,795</u>
Total Assets	<u>\$ 5,188,240</u>	<u>\$ 5,154,889</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accrued liabilities	\$ 352,389	\$ 336,426
Due to other governments	775	-
Unearned revenues	<u>162,479</u>	<u>54,037</u>
Total Liabilities	515,643	390,463
Deferred inflows of resources		
Deferred mortgage principal repayments	<u>3,930,750</u>	<u>4,226,407</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,446,393</u>	<u>4,616,870</u>
Fund balance		
Nonspendable	18,609	17,795
Restricted	<u>723,238</u>	<u>520,224</u>
Total Fund Balance	<u>741,847</u>	<u>538,019</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 5,188,240</u>	<u>\$ 5,154,889</u>

See independent auditors' report.

City of Mount Vernon, New YorkCommunity Development Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended December 31,

	<u>2017</u>	<u>2016</u>
REVENUES		
Departmental income	\$ 367,524	\$ 9,417
Use of money and property	193	-
Federal aid	1,383,337	2,214,994
Miscellaneous	-	952,572
	<u>1,751,054</u>	<u>3,176,983</u>
Total Revenues	1,751,054	3,176,983
EXPENDITURES		
Current		
Home and community services	<u>1,547,226</u>	<u>2,229,533</u>
	203,828	947,450
Excess of Revenues Over Expenditures	203,828	947,450
SPECIAL ITEM	<u>-</u>	<u>1,400,811</u>
	203,828	2,348,261
Net Change in Fund Balance	203,828	2,348,261
FUND BALANCE (DEFICIT)		
Beginning of Year	<u>538,019</u>	<u>(1,810,242)</u>
End of Year	<u>\$ 741,847</u>	<u>\$ 538,019</u>

See independent auditors' report.

City of Mount Vernon, New York

Capital Projects Fund
Comparative Balance Sheet
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 2,803,934	\$ 2,964,866
Receivables		
Accounts	41,910	114,627
State and Federal aid	589,766	528,401
Due from other funds	<u>1,660,399</u>	<u>1,640,426</u>
	<u>2,292,075</u>	<u>2,283,454</u>
Total Assets	<u>\$ 5,096,009</u>	<u>\$ 5,248,320</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 492,052	\$ 669,581
Due to other funds	31,839	1,936
Unearned revenues	<u>126,786</u>	<u>126,786</u>
Total Liabilities	650,677	798,303
Fund balance		
Restricted	<u>4,445,332</u>	<u>4,450,017</u>
Total Liabilities and Fund Balance	<u>\$ 5,096,009</u>	<u>\$ 5,248,320</u>

See independent auditors' report.

(This page intentionally left blank)

City of Mount Vernon, New YorkCapital Projects Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended December 31,

	<u>2017</u>	<u>2016</u>
REVENUES		
Use of money and property	\$ 4,103	\$ 1,936
State aid	1,038,877	1,112,152
Federal aid	7,123	124,030
Miscellaneous	<u>120,467</u>	<u>451,329</u>
Total Revenues	1,170,570	1,689,447
EXPENDITURES		
Capital outlay	<u>1,171,152</u>	<u>2,467,992</u>
Deficiency of Revenues Over Expenditures	<u>(582)</u>	<u>(778,545)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	1,472,885
Transfers out	<u>(4,103)</u>	<u>(1,936)</u>
Total Other Financing Sources (Uses)	<u>(4,103)</u>	<u>1,470,949</u>
Net Change in Fund Balance	(4,685)	692,404
FUND BALANCE		
Beginning of Year	<u>4,450,017</u>	<u>3,757,613</u>
End of Year	<u>\$ 4,445,332</u>	<u>\$ 4,450,017</u>

See independent auditors' report.

City of Mount Vernon, New York

Capital Projects Fund
 Project-Length Schedule
 Inception of Project Through December 31, 2017

PROJECT	Authorization	Expenditures and Transfers		Unexpended Balance
		Capital Outlay	Interfund Transfers	
Police Equipment	\$ 3,210,632	\$ 2,379,699	\$ 555,837	\$ 275,096
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	10,450,000	3,960,007	-	6,489,993
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	256,252	-	68,748
Police Department	325,000	222,516	-	102,484
Fire - Emergency Operations Center	1,350,090	1,287,707	-	62,383
Fire Vehicles	192,000	186,928	-	5,072
Road Work	275,000	273,034	-	1,966
Parking Garage	750,000	579,949	-	170,051
Parking Garage Scape Entrance	750,000	4,143	-	745,857
Citywide Grounds Upkeep	135,000	134,146	-	854
Citywide Grounds Upkeep	1,105,000	963,224	-	141,776
Street Sewers Citywide	516,050	512,635	-	3,415
Doles Center Renovations	1,411,003	951,139	-	459,864
Armory Renovations	365,000	302,859	-	62,141
Municipal Buildings	650,000	572,151	-	77,849
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	57,899	-	192,101
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	440,109	256,802	-	183,307
Police Justice Assistance Grant - 2015	44,380	-	-	44,380
Resurfacing - 2015	2,257,273	2,190,517	-	66,756
Police Justice Assistance Grant - 2016	43,494	44,380	-	(886)
Resurfacing - 2017	1,188,174	870,913	-	317,261
Totals	\$ 41,198,445	\$ 27,107,795	\$ 555,837	\$ 13,534,813

See independent auditors' report.

Revenues	Fund Balance at December 31, 2017
\$ 3,210,592	\$ 275,056
730,000	263
1,813,919	42,741
750,000	355,127
750,000	120,217
4,150,001	189,994
140,142	-
150,000	123,658
750,000	93,307
325,000	68,748
325,000	102,484
1,350,090	62,383
192,000	5,072
275,000	1,966
750,000	170,051
750,000	745,857
135,000	854
1,081,500	118,276
516,050	3,415
1,406,537	455,398
365,000	62,141
650,000	77,849
600,000	520,267
225,000	6,895
149,700	898
150,000	55,138
260,000	18,218
150,000	529
250,000	192,101
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	-
471,794	214,992
-	-
2,190,517	-
44,380	-
870,913	-
<u>\$ 32,108,964</u>	<u>\$ 4,445,332</u>

City of Mount Vernon, New York

Water Fund
Comparative Balance Sheet
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 4,085,150	\$ 4,117,839
Receivables		
Accounts	4,165	107,292
Water rents	4,577,484	4,135,879
Due from other funds	574,177	-
	<u>5,155,826</u>	<u>4,243,171</u>
Inventories	<u>467,993</u>	<u>321,696</u>
Total Assets	<u>\$ 9,708,969</u>	<u>\$ 8,682,706</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 2,575,897	\$ 2,353,042
Accrued liabilities	242,164	573,975
Due to other funds	1,232,562	118,130
Total Liabilities	<u>4,050,623</u>	<u>3,045,147</u>
Fund balance		
Nonspendable	467,993	321,696
Restricted	1,691,452	1,631,451
Committed	1,321,417	871,416
Assigned	2,177,484	2,812,996
Total Fund Balance	<u>5,658,346</u>	<u>5,637,559</u>
Total Liabilities and Fund Balance	<u>\$ 9,708,969</u>	<u>\$ 8,682,706</u>

See independent auditors' report.

City of Mount Vernon, New YorkWater Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended December 31,

	<u>2017</u>	<u>2016</u>
REVENUES		
Charges for services	\$ 9,598,277	\$ 9,752,675
Use of money and property	762,516	329,328
Miscellaneous	<u>81,455</u>	<u>510,745</u>
Total Revenues	<u>10,442,248</u>	<u>10,592,748</u>
EXPENDITURES		
Current		
Home and community services		
Water administration	2,616,018	1,966,133
Water purchases	4,777,167	4,537,092
Water treatment	212,561	105,084
Transmission and distribution	1,388,245	961,510
Pumping, supply and power	<u>714,474</u>	<u>718,899</u>
Total Expenditures	<u>9,708,465</u>	<u>8,288,718</u>
Excess of Revenues Over Expenditures	733,783	2,304,030
OTHER FINANCING USES		
Transfers out	<u>(712,996)</u>	<u>(434,701)</u>
Net Change in Fund Balance	20,787	1,869,329
FUND BALANCE		
Beginning of Year	<u>5,637,559</u>	<u>3,768,230</u>
End of Year	<u>\$ 5,658,346</u>	<u>\$ 5,637,559</u>

See independent auditors' report.

(This page intentionally left blank)

City of Mount Vernon, New York

Debt Service Fund
Comparative Balance Sheet
December 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 150	\$ -
Due from other funds	2,440,633	18,446
Prepaid expenditures	<u>-</u>	<u>268,132</u>
Total Assets	<u>\$ 2,440,783</u>	<u>\$ 286,578</u>
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities		
Due to other funds	<u>\$ 2,334,440</u>	<u>\$ 182,118</u>
Fund balance (deficit)		
Nonspendable	-	268,132
Restricted	106,343	-
Unassigned	<u>-</u>	<u>(163,672)</u>
Total Fund Balance	<u>106,343</u>	<u>104,460</u>
Total Liabilities and Fund Balance	<u>\$ 2,440,783</u>	<u>\$ 286,578</u>

See independent auditors' report.

City of Mount Vernon, New York

Debt Service Fund
 Comparative Schedule of Revenues, Expenditures and
 Changes in Fund Balance
 Years Ended December 31,

	2017			Variance with Final Budget
	Original Budget	Final Budget	Actual	
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Serial bonds				
Principal	1,700,000	1,700,000	1,700,000	-
Interest	720,294	720,294	720,304	(10)
Refunding bond issuance costs	-	-	-	-
Total Expenditures	<u>2,420,294</u>	<u>2,420,294</u>	<u>2,420,304</u>	<u>(10)</u>
Deficiency of Revenues Over Expenditures	<u>(2,420,294)</u>	<u>(2,420,294)</u>	<u>(2,420,304)</u>	<u>(10)</u>
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Issuance premium	-	-	-	-
Transfers in	<u>2,418,084</u>	<u>2,418,084</u>	<u>2,422,187</u>	<u>4,103</u>
Total Other Financing Sources	<u>2,418,084</u>	<u>2,418,084</u>	<u>2,422,187</u>	<u>4,103</u>
Net Change in Fund Balance	(2,210)	(2,210)	1,883	4,093
FUND BALANCE				
Beginning of Year	<u>2,210</u>	<u>2,210</u>	<u>104,460</u>	<u>102,250</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,343</u>	<u>\$ 106,343</u>

See independent auditors' report.

2016			
Original Budget	Final Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -
1,670,000	1,670,000	1,630,000	40,000
855,669	855,669	811,865	43,804
-	146,641	130,131	16,510
<u>2,525,669</u>	<u>2,672,310</u>	<u>2,571,996</u>	<u>100,314</u>
(2,525,669)	(2,672,310)	(2,571,996)	100,314
-	6,765,000	6,765,000	-
-	(7,120,494)	(7,120,494)	-
-	502,135	502,135	-
<u>2,521,472</u>	<u>2,521,472</u>	<u>2,523,408</u>	<u>1,936</u>
<u>2,521,472</u>	<u>2,668,113</u>	<u>2,670,049</u>	<u>1,936</u>
(4,197)	(4,197)	98,053	102,250
<u>4,197</u>	<u>4,197</u>	<u>6,407</u>	<u>2,210</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,460</u>	<u>\$ 104,460</u>

City of Mount Vernon, New York

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

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets		
Due from other funds	<u>\$ 4,947,069</u>	<u>\$ 4,955,464</u>
LIABILITIES		
Current liabilities		
Current portion of compensated absences	495,000	496,000
Noncurrent liabilities		
Compensated absences, less current portion	<u>4,452,069</u>	<u>4,459,464</u>
Total Liabilities	<u><u>\$ 4,947,069</u></u>	<u><u>\$ 4,955,464</u></u>

See independent auditors' report.

City of Mount Vernon, New York

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

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Charges for services	\$ 8,395	\$ 726,552
OPERATING EXPENSES		
Employee benefits	<u>8,395</u>	<u>726,552</u>
Income from Operations	-	-
NET POSITION		
Beginning of Year	<u>-</u>	<u>-</u>
End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See independent auditors' report.

City of Mount Vernon, New York

Internal Service Fund - Compensated Absences
Comparative Statement of Cash Flows
Years Ended December 31,

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from other funds	\$ 8,395	\$ 423,000
Payments to employees	<u>(8,395)</u>	<u>(423,000)</u>
Net Cash from Operating Activities	-	-
CASH AND EQUIVALENTS		
Beginning of Year	<u>-</u>	<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	8,395	(726,552)
Compensated absences	<u>(8,395)</u>	<u>726,552</u>
Net Cash from Operating Activities	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.