

City School District of Mount Vernon, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2021

City School District of Mount Vernon, New York

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Independent Auditors' Report

**The Board of Education of the
City School District of Mount Vernon, New York**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City School District of Mount Vernon, New York ("School District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 School District'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 School District'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 audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2021 and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Notes 2F and 2H in the notes to financial statements which disclose the effects of the School District's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 84, *"Fiduciary Activities"*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit for the year ended June 30, 2021 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* for the year ended June 30, 2021 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards 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 June 30, 2021 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 combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2021.

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 School District as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated October 6, 2020, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended June 30, 2020 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 2020 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2020 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 combining and 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 June 30, 2020.

Other Reporting Required by *Government Auditing Standards*

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

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP
Harrison, New York
November 11, 2021

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City School District of Mount Vernon, New York

Management's Discussion and Analysis (MD&A) June 30, 2021

Introduction

Our discussion and analysis of the City School District of Mount Vernon, New York's ("School District") financial performance provides an overview of the School District's financial activities for the year that ended June 30, 2021. To enhance your understanding of the School District's financial performance, it should be read in conjunction with the basic financial statements that immediately follow this section.

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- The School District has obtained voter approval for the last ten proposed budgets. The School District had operated the General Fund under a contingent budget in fiscal years 2010-11 and 2011-12. The key factor seems to be a property tax increase below the increase allowed by the property tax levy limit (cap).
- For the fiscal year that ended June 30, 2021, the School District's governmental fund financial statements report a combined ending fund balance of \$24,098,660. This represented a decrease of \$5,740,017 for the year ended June 30, 2021, inclusive of an adjustment of \$80,189 for the cumulative effect of a change in accounting principle due to the implementation of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 84, "*Fiduciary Activities*". This change was driven by two factors:
 - There was a decline in the fund balance of the Capital Projects Fund of \$5,974,167. The School District is winding down the \$108,357,500 District-Wide Infrastructure capital project for which \$101,124,709 has been cumulatively expended as of June 30, 2021. The School District expended \$9,816,645 during the 2020-21 fiscal year on this and other projects. The School District recognized revenues and other financing sources in the Capital Projects Fund of \$3,842,478 in 2020-21, primarily from state aid for the Smart Schools Bond Act program. The Capital Projects Fund ended the fiscal year with a total fund balance of \$4,129,423.
 - The fund balance of the General Fund increased by \$1,121,106. The School District experienced significant savings on the expenditure side of the budget, with savings compared to budgetary expectations of \$20,057,346. This can be attributed to the ongoing effects of the COVID-19 pandemic, which started impacting the School District in the spring of the prior fiscal year and continued through much of the 2020-21 fiscal year. These savings were partly offset by a revenue shortfall compared to budgetary expectations of \$5,810,720. Revenue shortfalls were in the areas of real property tax collections, interest and penalties on real property taxes, charges for services and state aid. The General Fund ended the fiscal year with a total fund balance of \$20,842,053.
- New York State Law limits the amount of committed, assigned and unassigned fund balance, with certain exceptions, that can be retained by the General Fund to 4% of the ensuing year's budget. At the end of the current fiscal year, the School District reported \$9,310,444 of unassigned fund balance which is 3.59% of the subsequent year's budget. The School District appropriated \$3,057,620 from this portion of fund balance to offset its 2021-22 General Fund projected budgetary imbalance.
- The School District retired \$11,205,000 in outstanding bonded indebtedness. The School District also retired \$2,787,607 in energy performance contract debt outstanding.

- Beginning with the 2020-21 fiscal year, the School District took over responsibility of the collections of current year real property taxes from the City of Mount Vernon, New York ("City"). The City is still responsible for collecting prior year unpaid school district taxes and remitting them to the School District as collected. On or after February 20th two years after such tax was levied, the City is required to make the School District "whole" regardless of the amounts collected (exclusive of amounts legally restrained or prohibited). The School District will continue to collect unpaid 2020-21 taxes until February of 2023 when it will submit a statement of unpaid taxes to the City, at which time the City must make the School District whole. At June 30, 2021, the School District has reported total taxes receivable of \$19,074,019 (of which \$7,339,954 is for prior years due from the City and \$11,734,065 is unpaid 2020-21 taxes). This total receivable is \$11,020,822 less than the amount reported at June 30, 2020.
- The School District is committed to provide postemployment benefits to its employees in the form of pensions and healthcare. As a result, the School District has recognized substantial liabilities in the district-wide financial statements for these benefits. As of June 30, 2021, the School District had liabilities of \$447,441,175 for other postemployment benefits recorded in accordance with the provisions of GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*" ("OPEB"). The School District also reported \$16,722,258 for its proportionate share of the net pension liabilities of the New York State and Local Employees' Retirement System ("ERS") and the New York State Teachers' Retirement System ("TRS") recorded in accordance with the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*". More detailed information about the School District's OPEB and pension reporting is presented in Note 3E in the notes to financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) district-wide financial statements, (2) fund financial statements and (3) notes to financial statements. This report also contains combining and individual fund financial statements and schedules in addition to the basic financial statements.

District-Wide Financial Statements

- The *district-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.
 - The *statement of net position* presents information on all of the School District's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.
 - The *statement of activities* presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
 - The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales, other, interest and general support.

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

Fund Financial Statements

- A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal

requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

- *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the School District's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.
- The School District maintains five individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Special Aid and Capital Projects funds, which are considered to be major funds. Data for the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.
- The School District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided within the basic financial statements to demonstrate compliance with the respective budget.
- The *Fiduciary Funds* are used to account resources held for the benefit of parties outside the School District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the School District's programs. The School District maintains only one type of fiduciary fund that is known as a Custodial Fund. The Custodial Fund reports resources, not in a trust, that are held by the School District for other parties outside of the School District's reporting entity and, in the case of the School District, primarily to account for real property taxes collected for the Mount Vernon Public Library.

The fiduciary fund financial statements can be found in the basic financial statements section of this report.

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

Notes to Financial Statements

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

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the required supplementary information for the School District's other postemployment and pension benefit liabilities, the combining statements for the non-major governmental funds and schedules of budget to actual comparisons.

District-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position. At the close of the 2020-21 fiscal year, the School District's total liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$237,336,531.

Net Position

	June 30,	
	2021	2020
Current Assets	\$ 63,301,769	\$ 68,578,083
Capital Assets, net	258,995,184	253,468,611
Total Assets	<u>322,296,953</u>	<u>322,046,694</u>
Deferred Outflows of Resources	<u>181,251,085</u>	<u>187,872,480</u>
Current Liabilities	22,399,296	24,440,162
Long-Term Liabilities	<u>657,043,782</u>	<u>641,501,009</u>
Total Liabilities	<u>679,443,078</u>	<u>665,941,171</u>
Deferred Inflows of Resources	<u>61,441,491</u>	<u>49,845,764</u>
Net Position		
Net Investment in Capital Assets	77,171,663	63,871,264
Restricted for		
Capital Projects	314,909	201,875
Unemployment Benefits	11,177	26,168
Debt Service	5,199,504	10,074,764
Workers' Compensation Benefits	36,934	72,904
Special Purposes	186,177	159,619
Tax Certiorari	1,447,318	3,344,702
Retirement System Contributions	492,900	882,506
Unrestricted	<u>(322,197,113)</u>	<u>(284,501,563)</u>
Total Net Position	<u><u>\$ (237,336,531)</u></u>	<u><u>\$ (205,867,761)</u></u>

Current assets decreased by \$5,276,314 from the prior year. Cash and equivalents increased by \$8,148,162 primarily from improved real property tax collections. Taxes receivable decreased by \$11,020,822 as the School District took over from the City the collection of current year taxes. There was also a reduction in state and federal aid receivable and amounts due from other governments by a combined \$2,256,871.

Long-term liabilities increased by \$13,501,907 from the prior year. OPEB liabilities increased by \$12,651,073 primarily from a drop in the discount rate. The net pension liabilities to ERS and TRS also increased by a net of \$18,494,629 due to investment losses for TRS for its fiscal year ending June 30, 2020 partially offset by investment gains for ERS for its fiscal year ending March 31, 2021. Partially offsetting these increases was a reduction in general obligation bonded debt of \$11,205,000 with no new debt issued.

The largest component of the School District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and, consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it

should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Those assets subject to external restrictions listed above constitute \$7,688,919 of net position and are comprised of amounts restricted for specific purposes, i.e. payments of tax certiorari obligations, retirement system contributions, debt service, capital projects, etc. There is a negative balance of unrestricted net position of \$322,197,113 primarily a result of the recognition of the OPEB and net pension liabilities. Overall, net position decreased by \$31,468,770.

Changes in Net Position

	June 30,	
	2021	2020
REVENUES		
Program Revenues		
Charges for Services	\$ 317,936	\$ 1,095,609
Operating Grants and Contributions	13,992,122	18,025,698
Capital Grants and Contributions	3,246,634	1,590,405
Total Program Revenues	17,556,692	20,711,712
General Revenues		
Real Property Taxes	119,404,146	118,379,613
Other Tax Items	16,988,940	19,249,290
Non-Property Taxes - Utility gross receipts tax	2,978,283	2,717,133
Unrestricted Use of Money and Property	22,335	543,325
Insurance Recoveries	153,275	227,530
Unrestricted State Aid	100,526,261	103,088,475
Miscellaneous	720,123	686,130
Total General Revenues	240,793,363	244,891,496
Total Revenues	258,350,055	265,603,208
PROGRAM EXPENSES		
General Support	35,178,295	39,591,542
Instruction	239,589,435	242,077,381
Pupil Transportation	6,137,834	5,571,225
Cost of Food Sales	2,963,887	4,629,452
Other	86,959	9,912
Interest	5,862,415	7,200,777
Total Expenses	289,818,825	299,080,289
Change in Net Position	(31,468,770)	(33,477,081)
NET POSITION		
Beginning, as reported	(205,964,390)	(172,487,309)
Cumulative Effect of Change in Accounting Principle	96,629	-
Beginning, as restated	(205,867,761)	(172,487,309)
Ending	\$ (237,336,531)	\$ (205,964,390)

Following are the major changes in Net Position:

Revenues:

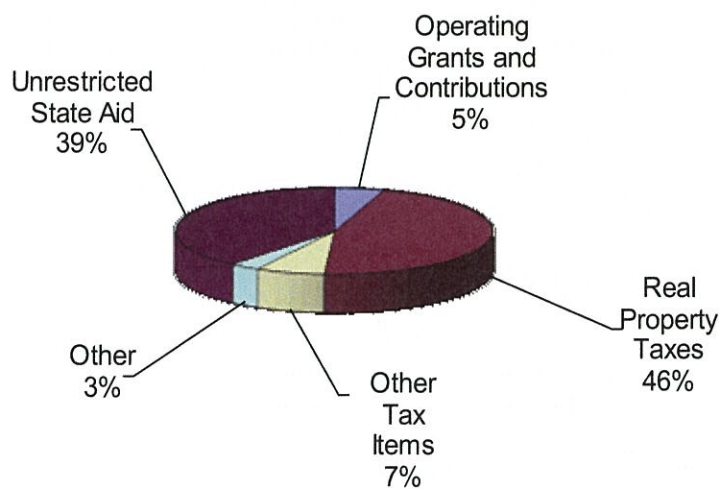
- Real property tax revenues increased by \$1,024,533 (0.87%). This was the result of several factors. While the overall tax levy remained unchanged from the 2019-20 fiscal year, there was a further shift in the total tax levy burden borne by New York State through the STAR program. The STAR program was modified where homeowners whose income exceeded a certain threshold received their STAR rebates directly from New York State rather than having the funds applied against their property tax bills. Accordingly, the STAR program share decreased by \$1,279,833 (7.54%) resulting in an increased local share of the real property tax levy.
- Operating grants and contributions decreased by \$4,033,576 primarily from a decrease in federal and state aid in the breakfast and lunch program and various grant funded programs due to the school closures caused by the pandemic.
- Unrestricted State aid decreased by \$2,562,214 (2.49%) from a decrease in basic aid.
- Capital grants and contributions increased by \$1,656,229. The increase is due to New York State Senate/Assembly grants approved for the School District and used to provide funding for the Swimming Pool Renovation, MVHS Little Hands Playground and Pennington Playground capital projects.

Expenses:

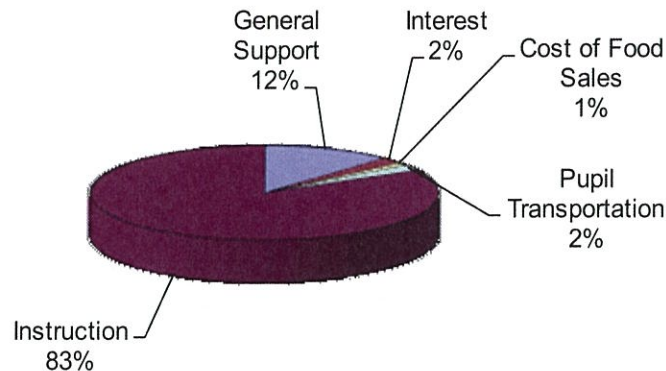
- General Support along with Instruction expenses decreased by \$4,413,247 (11.15%) and \$2,487,946 (1.03%) respectively. This was a result of the COVID-19 pandemic where there were cost savings across the budget due to the pandemic's restrictions and the shutdown of some of the School District's normal functions.

As indicated on the following graphs, the School District relies upon real property taxes and other tax items (53%) and unrestricted State aid (39%) as its primary revenue sources. Instruction accounts for the largest portion, 83%, of expenses.

**Sources of Revenue for Fiscal Year 2021
Governmental Activities**



Expenses for Fiscal Year 2021 Governmental Activities



Financial Analysis of the School District's Funds

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the School District's governmental funds reported a combined fund balance of \$24,098,660, a decrease in fund balances of \$5,740,017 from the prior year's combined fund balance of \$29,838,677 (restated by \$80,189 due to the implementation of the provisions of GASB Statement No. 84, "*Fiduciary Activities*"). Exclusive of the Capital Projects Fund, the combined ending fund balances are \$19,969,237. The total unassigned fund balance at the close of the fiscal year was \$8,248,701.

The remainder of the fund balance is nonspendable, restricted or assigned to indicate that it is not available for new spending because it has already been obligated. The amounts restricted (totaling \$7,663,898, exclusive of the Capital Projects Fund) include: tax certiorari of \$1,447,318; employee benefit accrued liability of \$289,888; retirement system contributions of \$492,900; unemployment benefits of \$11,177; debt service of \$5,199,504; workers' compensation benefits of \$36,934; and special purposes of \$186,177. The amounts assigned (totaling \$4,053,888) include: purchases on order (i.e. encumbrances) of \$996,268 and amounts assigned for the subsequent year's budget to provide property tax relief of \$3,057,620.

General Fund Budgetary Highlights

The General Fund is the primary operating fund of the School District. The original voter approved adopted budget of \$259,601,834 was first increased by \$128,626 to fund prior year encumbrances bringing the original budget to \$259,730,460. From there, the appropriation budget was modified by a total of \$2,442,293 to a total final budget of \$262,172,753. These changes included an appropriation of the fund balance of \$2,392,293 from the tax certiorari restriction and another \$50,000 in miscellaneous budget adjustments.

The revenues and other financing sources were less than the revised estimate by \$5,810,720, or 2.3%. As noted earlier, the shortfall was substantially due to two factors. New York State's fiscal issues resulting

from the pandemic resulted in a reduction in state aid payments due to the School District at the end of its fiscal year, which was the primary cause of state aid revenues falling \$2,575,796 short of budgetary expectations. Secondly, the slowdown in real property tax collections from the City negatively impacted the recognition of revenues by \$2,190,779.

Expenditures and other financing uses were less than the final budget by \$20,057,346. Due to the school closures as a result of the pandemic, certain costs such as those related to programs for students with disabilities and transportation costs were not incurred as expected. There were also various payroll and related benefits savings with the schools being in hybrid teaching mode for several months during the school year.

Capital Assets

At June 30, 2021, the School District had capital assets of \$258,995,184 net of accumulated depreciation invested in a broad range of capital assets, including land, improvements other than buildings, buildings and improvements, machinery and equipment, and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below.

Class	June 30,	
	2021	2020
Land	\$ 1,218,501	\$ 1,218,501
Improvements Other than Buildings	958,229	1,030,975
Buildings and Improvements	237,532,341	146,551,895
Machinery and Equipment	6,259,954	5,676,263
Construction-in-Progress	13,026,159	98,990,977
Total Capital Assets, net of Accumulated depreciation	<u>\$ 258,995,184</u>	<u>\$ 253,468,611</u>

The increase in capital assets can be primarily attributable to the winding down of the \$108,357,500 District-Wide Infrastructure project. That resulted in the reclassification of these project costs from construction-in-progress to buildings and improvements during the current fiscal year. More detailed information about the School District's capital assets is presented in Note 3C in the notes to financial statements.

Long-Term Debt

The School District had general obligation and other long-term debt outstanding as follows:

	June 30,	
	2021	2020
General Obligation Bonds Payable	\$ 156,836,008	\$ 169,192,390
Energy Performance Contract		
Debt Payable	34,228,019	37,015,626
Compensated Absences	1,816,322	2,275,262
Net Pension Liability - ERS	51,638	14,443,013
Net Pension Liability (Asset) - TRS	16,670,620	(16,215,384)
Other Post Employment		
Benefit Liability	<u>447,441,175</u>	<u>434,790,102</u>
Total	<u>\$ 657,043,782</u>	<u>\$ 641,501,009</u>

The School District, during the 2020-2021 fiscal year, amortized principal by \$10,950,000 for capital construction bonds and by \$255,000 for tax certiorari judgment bonds. Principal payments of \$2,787,607 were made on the energy performance contract debt during the 2020-2021 fiscal year.

There was a decrease in net pension liabilities to the ERS of \$14,391,375 (due to pension fund investment gains as of March 31, 2021) offset by an increase in net pension liability to the TRS of \$32,886,004 (due to pension fund investment losses as of June 30, 2020), both calculated in accordance with the provisions of GASB Statement No. 68. The OPEB liability, calculated in accordance with the provisions of GASB Statement No. 75, increased by \$12,651,073 due partly to a drop in the discount rate.

More detailed information about the School District's long-term liabilities is presented in Note 3E in the notes to financial statements.

Requests for Information

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

City School District of Mount Vernon
Attn: Kenneth Silver
Assistant Superintendent for Business
165 North Columbus Avenue
Mount Vernon, New York 10553

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City School District of Mount Vernon, New York

Statement of Net Position
June 30, 2021

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 30,017,752
Receivables	
Taxes	19,074,019
Accounts, net	142
State and Federal aid	12,791,381
Due from other governments	1,415,725
Inventories	2,750
Capital assets	
Not being depreciated	14,244,660
Being depreciated, net	244,750,524
Total Assets	322,296,953
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding bonds	1,209,620
Pension related	68,363,239
OPEB related	111,678,226
Total Deferred Outflows of Resources	181,251,085
LIABILITIES	
Accounts payable	5,523,051
Accrued liabilities	3,468,449
Employee payroll deductions	6,078
Due to retirement systems	11,020,782
Overpayments	358,042
Unearned revenues	483,107
Accrued interest payable	1,539,787
Non-current liabilities	
Due within one year	15,285,862
Due in more than one year	641,757,920
Total Liabilities	679,443,078
DEFERRED INFLOWS OF RESOURCES	
Pension related	24,248,429
OPEB related	37,193,062
Total Deferred Inflows of Resources	61,441,491
NET POSITION	
Net investment in capital assets	77,171,663
Restricted	
Capital projects	314,909
Unemployment benefits	11,177
Debt service	5,199,504
Workers' compensation benefits	36,934
Special purposes	186,177
Tax certiorari	1,447,318
Retirement system contributions	492,900
Unrestricted	(322,197,113)
Total Net Position	\$ (237,336,531)

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

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City School District of Mount Vernon, New York

Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General support	\$ 35,178,295	\$ -	\$ 3,341	\$ -	\$ (35,174,954)
Instruction	239,589,435	285,447	12,197,506	3,242,478	(223,864,004)
Pupil transportation	6,137,834	-	-	-	(6,137,834)
Cost of food sales	2,963,887	32,489	1,677,758	-	(1,253,640)
Other	86,959	-	113,517	-	26,558
Interest	5,862,415	-	-	4,156	(5,858,259)
Total Governmental Activities	\$ 289,818,825	\$ 317,936	\$ 13,992,122	\$ 3,246,634	(272,262,133)
General revenues					
Real property taxes					119,404,146
Other tax items					
School tax relief reimbursement					15,697,091
Interest and penalties on real property taxes					116,343
Payments in lieu of taxes					1,175,506
Non-property taxes					
Utility gross receipts tax					2,978,283
Unrestricted use of money and property					22,335
Insurance recoveries					153,275
Unrestricted State aid					100,526,261
Miscellaneous					720,123
Total General Revenues					240,793,363
Change in Net Position					(31,468,770)
Net Position - Beginning, as reported					(205,964,390)
Cumulative Effect of Change in Accounting Principle					96,629
Net Position - Beginning, as restated					(205,867,761)
Net Position - Ending					\$ (237,336,531)

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

City School District of Mount Vernon, New York

Balance Sheet
Governmental Funds
June 30, 2021

	General	Special Aid	Capital Projects
ASSETS			
Cash and equivalents	\$ 23,387,598	\$ 1,912,221	\$ 4,347,193
Receivables			
Taxes	19,074,019	-	-
Accounts, net of allowance for uncollectible amounts	142	-	-
State and Federal aid	6,227,183	6,181,068	-
Due from other governments	1,415,725	-	-
Due from other funds	8,145,790	-	-
Inventories	-	-	-
Total Assets	<u>\$ 58,250,457</u>	<u>\$ 8,093,289</u>	<u>\$ 4,347,193</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 4,211,453	\$ 850,228	\$ 147,822
Accrued liabilities	3,468,449	-	-
Employee payroll deductions	6,078	-	-
Due to other funds	-	6,759,954	69,948
Due to retirement systems	11,020,782	-	-
Overpayments	358,042	-	-
Unearned revenues	-	483,107	-
Total Liabilities	19,064,804	8,093,289	217,770
Deferred inflows of resources			
Deferred tax revenues	18,343,600	-	-
Total Liabilities and Deferred Inflows of Resources	<u>37,408,404</u>	<u>8,093,289</u>	<u>217,770</u>
Fund balances (deficits)			
Nonspendable	-	-	-
Restricted	7,477,721	-	4,129,423
Assigned	4,053,888	-	-
Unassigned	9,310,444	-	-
Total Fund Balances (Deficits)	<u>20,842,053</u>	<u>-</u>	<u>4,129,423</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 58,250,457</u>	<u>\$ 8,093,289</u>	<u>\$ 4,347,193</u>

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

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ 370,740	\$ 30,017,752
-	19,074,019
-	142
383,130	12,791,381
-	1,415,725
-	8,145,790
2,750	2,750
<u>\$ 756,620</u>	<u>\$ 71,447,559</u>

\$ 313,548	\$ 5,523,051
-	3,468,449
-	6,078
1,315,888	8,145,790
-	11,020,782
-	358,042
-	483,107

1,629,436	29,005,299
-	18,343,600

<u>1,629,436</u>	<u>47,348,899</u>
------------------	-------------------

2,750	2,750
186,177	11,793,321
-	4,053,888
(1,061,743)	8,248,701
<u>(872,816)</u>	<u>24,098,660</u>

<u>\$ 756,620</u>	<u>\$ 71,447,559</u>
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City School District of Mount Vernon, New York

Reconciliation of Governmental Funds Balance Sheet to
the District-Wide Statement of Net Position
June 30, 2021

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

Fund Balances - Total Governmental Funds	<u>\$ 24,098,660</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	14,244,660
Capital assets - depreciable	356,640,800
Accumulated depreciation	<u>(111,890,276)</u>
	<u>258,995,184</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	68,363,239
Deferred outflows - OPEB related	111,678,226
Deferred inflows - pension related	(24,248,429)
Deferred inflows - OPEB related	<u>(37,193,062)</u>
	<u>118,599,974</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	<u>18,343,600</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	(1,539,787)
General obligation bonds payable	(143,240,000)
Energy performance contract debt	(34,228,019)
Compensated absences	(1,816,322)
Net pension liability - ERS	(51,638)
Net pension liability - TRS	(16,670,620)
Total OPEB liability	<u>(447,441,175)</u>
	<u>(644,987,561)</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.	
Deferred amounts on refunding	1,209,620
Premium on general obligation bonds	<u>(13,596,008)</u>
	<u>(12,386,388)</u>
Net Position of Governmental Activities	<u>\$ (237,336,531)</u>

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

City School District of Mount Vernon, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021

	General	Special Aid	Capital Projects
REVENUES			
Real property taxes	\$ 117,502,893	\$ -	\$ -
Other tax items	16,988,940	-	-
Non-property taxes	2,978,283	-	-
Charges for services	285,447	-	-
Use of money and property	29,832	-	-
Interfund revenues	144,300	-	-
Food sales	-	-	-
State aid	102,381,380	1,872,361	3,242,478
Federal aid	1,055,772	6,813,583	-
Miscellaneous	720,123	600,671	-
Total Revenues	<u>242,086,970</u>	<u>9,286,615</u>	<u>3,242,478</u>
EXPENDITURES			
Current			
General support	30,457,299	-	-
Instruction	130,347,134	12,607,615	-
Pupil transportation	6,042,421	-	-
Employee benefits	48,871,945	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	13,992,607	-	-
Interest	7,486,733	-	-
Capital outlay	-	-	9,816,645
Total Expenditures	<u>237,198,139</u>	<u>12,607,615</u>	<u>9,816,645</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,888,831</u>	<u>(3,321,000)</u>	<u>(6,574,167)</u>
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	153,275	-	-
Transfers in	-	3,321,000	600,000
Transfers out	(3,921,000)	-	-
Total Other Financing Sources (Uses)	<u>(3,767,725)</u>	<u>3,321,000</u>	<u>600,000</u>
Net Change in Fund Balances	1,121,106	-	(5,974,167)
FUND BALANCES (DEFICITS)			
Beginning of Year, as restated	<u>19,720,947</u>	<u>-</u>	<u>10,103,590</u>
End of Year	<u>\$ 20,842,053</u>	<u>\$ -</u>	<u>\$ 4,129,423</u>

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

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 117,502,893
-	16,988,940
-	2,978,283
-	285,447
47	29,879
-	144,300
32,489	32,489
47,948	107,544,167
1,629,797	9,499,152
113,483	1,434,277
<u>1,823,764</u>	<u>256,439,827</u>
-	30,457,299
-	142,954,749
-	6,042,421
-	48,871,945
2,623,761	2,623,761
86,959	86,959
-	13,992,607
-	7,486,733
-	9,816,645
<u>2,710,720</u>	<u>262,333,119</u>
<u>(886,956)</u>	<u>(5,893,292)</u>
-	153,275
-	3,921,000
-	<u>(3,921,000)</u>
-	153,275
<u>(886,956)</u>	<u>(5,740,017)</u>
<u>14,140</u>	<u>29,838,677</u>
<u>\$ (872,816)</u>	<u>\$ 24,098,660</u>

City School District 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 June 30, 2021

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (5,740,017)</u>
--------------------------------------------------------	-----------------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures	14,899,856
Depreciation expense	<u>(9,373,283)</u>
	<u>5,526,573</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	<u>1,901,253</u>
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal paid on general obligation bonds	11,205,000
Principal paid on energy performance contract	<u>2,787,607</u>
	<u>13,992,607</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	458,940
Changes in pension liabilities and related deferred outflows and inflows of resources	(12,227,085)
Accrued interest	603,316
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(37,005,359)
Amortization of premium and loss on refunding bonds	<u>1,021,002</u>
	<u>(47,149,186)</u>

Change in Net Position of Governmental Activities	<u><u>\$ (31,468,770)</u></u>
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The notes to financial statements are an integral part of this statement.

City School District of Mount Vernon, New York

Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 119,693,672	\$ 119,693,672	\$ 117,502,893	\$ (2,190,779)
Other tax items	17,547,091	17,547,091	16,988,940	(558,151)
Non-property taxes	2,500,000	2,500,000	2,978,283	478,283
Charges for services	1,378,000	1,378,000	285,447	(1,092,553)
Use of money and property	475,000	475,000	29,832	(445,168)
Interfund revenues	200,000	200,000	144,300	(55,700)
State aid	104,957,176	104,957,176	102,381,380	(2,575,796)
Federal aid	65,000	65,000	1,055,772	990,772
Miscellaneous	1,100,026	1,100,026	720,123	(379,903)
Total Revenues	247,915,965	247,915,965	242,086,970	(5,828,995)
EXPENDITURES				
Current				
General support	30,568,376	34,857,771	30,457,299	4,400,472
Instruction	142,635,977	142,824,400	130,347,134	12,477,266
Pupil transportation	9,271,607	8,388,875	6,042,421	2,346,454
Employee benefits	51,854,159	50,701,366	48,871,945	1,829,421
Debt service				
Principal	13,992,607	13,992,607	13,992,607	-
Interest	7,486,734	7,486,734	7,486,733	1
Total Expenditures	255,809,460	258,251,753	237,198,139	21,053,614
Deficiency of Revenues Over Expenditures	(7,893,495)	(10,335,788)	4,888,831	15,224,619
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	135,000	135,000	153,275	18,275
Transfers out	(3,921,000)	(3,921,000)	(3,921,000)	-
Total Other Financing Uses	(3,786,000)	(3,786,000)	(3,767,725)	18,275
Net Change in Fund Balance	(11,679,495)	(14,121,788)	1,121,106	15,242,894
FUND BALANCE				
Beginning of Year	11,679,495	14,121,788	19,720,947	5,599,159
End of Year	\$ -	\$ -	\$ 20,842,053	\$ 20,842,053

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

City School District of Mount Vernon, New York

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

December 31, 2021

	<u>Custodial Fund</u>
ADDITIONS	
Real property taxes collected for other governments	\$ 4,779,094
DEDUCTIONS	
Payments of real property taxes to other governments	<u>4,779,094</u>
Net Increase in Fiduciary Net Position	-
NET POSITION	
Beginning of Year	<u>-</u>
End of Year	<u><u>\$ -</u></u>

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

City School District of Mount Vernon, New York

Notes to Financial Statements
June 30, 2021

Note 1 - Summary of Significant Accounting Policies

The City School District of Mount Vernon, New York ("School District"), as presently constituted, was established in 1894 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

The financial statements of the School District 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 School District's significant accounting policies are described below:

A. Financial Reporting Entity

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

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

The School District participates in the Southern Westchester Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs, which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating district's governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school enrollment as defined by Education Law. Copies of BOCES' financial statements can be requested from Southern Westchester BOCES, 17 Berkley Drive, Rye Brook, New York 10573.

B. District-Wide Financial Statements

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the School District as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

Note 1 - Summary of Significant Accounting Policies (Continued)

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program 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 School District does not allocate indirect expenses to functions in the Statement of Activities.

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

C. Fund Financial Statements

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District 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. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-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 district-wide presentation. The School District's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

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

General Fund - The General Fund constitutes the primary fund of the School District 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

City School District of Mount Vernon, New York

Notes to Financial Statements (Continued)
June 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

revenue fund of the School District is the Special Aid Fund. The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal, State or local funds. The major revenues of this fund are Federal and State aid.

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.

The School District also reports the following non-major governmental funds:

Special Revenue Funds:

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

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the School District in accordance with grantor or contributor stipulations. Among the activities included in the Special Purpose Fund are extraclassroom activity funds.

- b. Fiduciary Funds (Not Included in District-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the School District on behalf of others. The Custodial Fund is used to account for taxes collected and remitted to the Mount Vernon Public Library.

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 district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the Fiduciary Fund. 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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 compensated absences, net 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.

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 short-term investments with original maturities of less than three months from the date of acquisition.

The School District's deposits and investment policies are governed by State statutes. The School District 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 School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

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

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

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

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 School District does not have a formal investment policy that limits investment maturities as a means of managing its

City School District of Mount Vernon, New York

Notes to Financial Statements (Continued)
June 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

exposure to fair value losses arising from changing interest rates. Generally, the School District does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2021.

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

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

Property Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of July 1st. The taxes are levied in July and are payable in July and January. The School District is responsible for the billing and collection of the current year real property taxes. On or after February 20th, the School District will submit a statement of unpaid taxes to the City of Mount Vernon, New York ("City"). The City will remit, as collected, the unpaid taxes and within two years of the receipt of the statement, any balance due, exclusive of amounts legally restrained or prohibited.

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

Due From/To Other Funds - During the course of its operations, the School District 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 June 30, 2021, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Inventories - Inventories in the School Lunch Fund consist of food and supplies and are recorded at cost on a first-in, first-out basis, or, in the case of surplus food, at a stated value which approximates market. These inventories consist primarily of items held for consumption. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported

City School District of Mount Vernon, New York

Notes to Financial Statements (Continued)
June 30, 2021

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District 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 donation.

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

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

<u>Class</u>	<u>Life in Years</u>
Improvements Other than Buildings	20
Buildings and Improvements	50-65
Machinery and Equipment	5-30

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 sheets.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the district-wide financial statements, unearned revenues consist of revenue received in advance and/or 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 School District has reported unearned revenues of \$483,107 for Federal and State aid received in advance in the Special Aid 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 position 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 position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Note 1 - Summary of Significant Accounting Policies (Continued)

The amount reported for the deferred loss on refunding bonds results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The amounts reported as deferred outflows of resources and deferred inflows of resources in relation to the School District's pension and other postemployment benefit liabilities are detailed in Note 3E.

The School District also reported deferred inflows of resources of \$18,343,600 for real property taxes not expected to be collected within the first sixty days of the subsequent fiscal year in the General Fund. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

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

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

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated sick leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Pension Liability (Asset) - The net pension liability (asset) represents the School District's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System and the New York State Teachers' 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 Post-Employment Benefit Liability ("OPEB") - In addition to providing pension benefits, the School District provides health care benefits for certain retired employees and their survivors. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other than Pensions"*.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the School District includes restricted for capital projects, unemployment benefits, debt service, workers' compensation benefits, special purposes, tax certiorari, and retirement system contributions.

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 School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Education for amounts assigned for balancing the subsequent year's budget or by delegated authority to the Assistant Superintendent for Business for amounts assigned for encumbrances. 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 School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are 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 November 11, 2021.

City School District of Mount Vernon, New York

Notes to Financial Statements (Continued)
June 30, 2021

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

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

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

Note 2 - Stewardship, Compliance and Accountability (Continued)

B. Limitation on Fund Balance

The School District is limited to the amount of committed, assigned and unassigned fund balance, with certain exceptions, that can be retained. New York State law limits this amount of fund balance to 4% of the ensuing year's budget.

C. Property Tax Limitation

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

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

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

D. Capital Projects Fund Project Deficits

The deficits in the Swimming Pool Renovation (\$321,693), Williams Bathroom (\$252,164), AB Davis Library Floor Repair (\$106,117), Smart Schools Bond Act (\$755,095), Graham School Site Improvements (\$1,000,000) and Culinary Arts Project (\$981,303) capital projects arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the future receipt of authorized financing.

E. School Lunch Fund Deficit

The unassigned deficit in the School Lunch Fund of (\$1,061,743) arises because of expenditures exceeding revenues. This deficit is expected to be eliminated in the subsequent fiscal year with the receipt of Federal stimulus funding.

City School District of Mount Vernon, New York

Notes to Financial Statements (Continued)
June 30, 2021

Note 2 - Stewardship, Compliance and Accountability (Continued)

F. Adoption of Accounting Standard

For the year ended June 30, 2021, the School District implemented the provisions of GASB Statement No. 84, "*Fiduciary Activities*". The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. As a result of the adoption of this standard, certain transactions previously reported in the Fiduciary Fund are now reflected within governmental funds.

G. Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified to conform with the current year presentation with respect to the implementation of the provisions of GASB Statement No. 84.

H. Cumulative Effect of Change in Accounting Principle

The School District implemented the provisions of GASB Statement No.84, "*Fiduciary Activities*", for the year ended June 30, 2021. Certain amounts previously reported in the School District's Fiduciary Fund are now being reported within the Special Purpose Fund and/or the General Fund. As a result, the School District has reported a cumulative effect of change in accounting principle of \$80,189 to the July 1, 2019 fund balance of the Special Purpose Fund (the earliest year presented). The School District also reported on its Statement of Activities a cumulative effect of change in accounting principle of \$96,629 to the July 1, 2020 net position of governmental activities for this same reason.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at June 30, 2021 consisted of the following:

Current year	\$ 7,339,954
Prior years	<u>11,734,065</u>
	<u>\$ 19,074,019</u>

Taxes receivable in the fund financial statements are partially offset by deferred tax revenues of \$18,343,600, which represents the taxes receivable which were not collected within the first sixty days of the subsequent year.

City School District of Mount Vernon, New York

Notes to Financial Statements (Continued)
 June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)**B. Interfund Receivables/Payables**

The composition of due from/to other funds at June 30, 2021 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 8,145,790	\$ -
Special Aid	-	6,759,954
Capital Projects	-	69,948
Non-Major Governmental	-	1,315,888
	<u>\$ 8,145,790</u>	<u>\$ 8,145,790</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 School District's capital assets are as follows:

<u>Class</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Capital Assets, not being depreciated:				
Land	\$ 1,218,501	\$ -	\$ -	\$ 1,218,501
Construction-in-progress	98,990,977	13,026,158	98,990,976	13,026,159
Total Capital Assets, not being depreciated	<u>\$ 100,209,478</u>	<u>\$ 13,026,158</u>	<u>\$ 98,990,976</u>	<u>\$ 14,244,660</u>
Capital Assets, being depreciated:				
Improvements Other Than Buildings	\$ 2,680,767	\$ -	\$ -	\$ 2,680,767
Buildings and Improvements	233,833,547	98,990,976	-	332,824,523
Machinery and Equipment	19,261,812	1,873,698	-	21,135,510
Total Capital Assets, being depreciated	<u>255,776,126</u>	<u>100,864,674</u>	<u>-</u>	<u>356,640,800</u>
Less Accumulated Depreciation for:				
Improvements Other Than Buildings	1,649,792	72,746	-	1,722,538
Buildings and Improvements	87,281,652	8,010,530	-	95,292,182
Machinery and Equipment	13,585,549	1,290,007	-	14,875,556
Total Accumulated Depreciation	<u>102,516,993</u>	<u>9,373,283</u>	<u>-</u>	<u>111,890,276</u>
Total Capital Assets, being depreciated, net	<u>\$ 153,259,133</u>	<u>\$ 91,491,391</u>	<u>\$ -</u>	<u>\$ 244,750,524</u>
Capital Assets, net	<u>\$ 253,468,611</u>	<u>\$ 104,517,549</u>	<u>\$ 98,990,976</u>	<u>\$ 258,995,184</u>

City School District of Mount Vernon, New York

Notes to Financial Statements (Continued)
June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)

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

General Support	\$ 72,746
Instruction	9,121,102
Transportation	32,263
Cost of Food Sales	<u>147,172</u>
Total Depreciation Expense	<u>\$ 9,373,283</u>

D. Accrued Liabilities

Accrued liabilities at June 30, 2021 were as follows:

	General Fund
Payroll and Employee Benefits	\$ 265,805
Other	<u>3,202,644</u>
	<u>\$ 3,468,449</u>

E. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2021:

	Balance July 1, 2020	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2021	Due Within One-Year
General Obligation Bonds Payable:					
Judgments and Claims	\$ 1,055,000	\$ -	\$ 255,000	\$ 800,000	\$ 260,000
Capital Construction	<u>153,390,000</u>	<u>-</u>	<u>10,950,000</u>	<u>142,440,000</u>	<u>11,980,000</u>
	154,445,000	-	11,205,000	143,240,000	12,240,000
Plus - Unamortized premium on bonds	<u>14,747,390</u>	<u>-</u>	<u>1,151,382</u>	<u>13,596,008</u>	<u>-</u>
	169,192,390	-	12,356,382	156,836,008	12,240,000
Energy Performance Contract Debt Payable	<u>37,015,626</u>	<u>-</u>	<u>2,787,607</u>	<u>34,228,019</u>	<u>2,863,862</u>
Other Non-current Liabilities:					
Compensated Absences	2,275,262	-	458,940	1,816,322	182,000
Net Pension Liability - ERS	14,443,013	-	14,391,375	51,638	-
Net Pension Liability (Asset) - TRS	(16,215,384)	32,886,004	-	16,670,620	-
Other Postemployment Benefit Liability	<u>434,790,102</u>	<u>20,094,819</u>	<u>7,443,746</u>	<u>447,441,175</u>	<u>-</u>
Total Other Non-current Liabilities	<u>435,292,993</u>	<u>52,980,823</u>	<u>22,294,061</u>	<u>465,979,755</u>	<u>182,000</u>
Total Long-Term Liabilities	<u>\$ 641,501,009</u>	<u>\$ 52,980,823</u>	<u>\$ 37,438,050</u>	<u>\$ 657,043,782</u>	<u>\$ 15,285,862</u>

The School District's indebtedness for general obligation bonds payable, energy performance contract debt, compensated absences, net pension liability and other postemployment benefit liability is satisfied by the General Fund.

City School District of Mount Vernon, New York

Notes to Financial Statements (Continued)
June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)

General Obligation Bonds Payable

General obligations bonds payable at June 30, 2021 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2021
District-wide Improvements	2011	\$ 3,100,000	August, 2022	3.125 - 3.250 %	\$ 660,000
Refunding Bonds	2012	24,640,000	August, 2031	3.500 - 5.000	4,430,000
District-wide Improvements	2012	1,570,000	August, 2027	2.500 - 3.000	825,000
Tax Certiorari Judgments	2014	2,500,000	March, 2024	2.500 - 3.000	800,000
Refunding Bonds	2014	39,655,000	September, 2035	3.375 - 5.000	24,695,000
Refunding Bonds	2015	15,990,000	July, 2027	2.000 - 5.000	10,535,000
District-wide EXCEL Project	2015	9,665,000	August, 2030	2.375 - 5.000	7,010,000
District-wide Improvements	2017	50,070,000	August, 2032	3.000 - 5.000	41,875,000
District-wide Improvements	2018	32,000,000	December, 2033	4.000 - 5.000	30,135,000
District-wide Improvements	2019	22,275,000	December, 2034	2.375 - 5.000	22,275,000
					<u>\$ 143,240,000</u>

Interest expenditures of \$6,500,141 were recorded in the fund financial statements in the General Fund. Interest expense of \$4,882,134 was recorded in the district-wide financial statements.

Energy Performance Contract Debt Payable

The School District, in a prior year, entered into a \$44,940,988 contractual agreement to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The terms of the contract provide for repayment over fifteen years, commencing May 2017, with semi-annual installments of \$1,887,100, including interest, through May 2032. Payments include interest at rates ranging from 2.515% to 2.85%. The contract further provides that the savings in energy costs resulting from this modernization will equal or exceed the lease payment terms. The balance due at June 30, 2021 was \$34,228,019.

Interest expenditures of \$986,592 were recorded in the fund financial statements in the General Fund. Interest expense of \$980,281 was recorded in the district-wide financial statements.

Payments to Maturity

The annual requirements to amortize all outstanding bonded and energy performance contract debt as of June 30, 2021, including interest payments of \$38,391,489 are as follows:

Year Ending June 30,	General Obligation Bonds Payable		Energy Performance Contract		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 12,240,000	\$ 5,551,892	\$ 2,863,862	\$ 910,337	\$ 15,103,862	\$ 6,462,229
2023	12,655,000	4,992,370	2,942,207	831,992	15,597,207	5,824,362
2024	12,120,000	4,400,082	3,022,700	751,499	15,142,700	5,151,581
2025	11,945,000	3,834,647	3,105,399	668,800	15,050,399	4,503,447
2026	11,725,000	3,310,319	3,190,365	583,834	14,915,365	3,894,153
2027-2031	55,605,000	9,676,514	17,310,130	1,560,865	72,915,130	11,237,379
2032-2036	26,950,000	1,282,153	1,793,356	36,185	28,743,356	1,318,338
	<u>\$ 143,240,000</u>	<u>\$ 33,047,977</u>	<u>\$ 34,228,019</u>	<u>\$ 5,343,512</u>	<u>\$ 177,468,019</u>	<u>\$ 38,391,489</u>

City School District of Mount Vernon, New York

Notes to Financial Statements (Continued)
June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)

The above general obligation bonds and energy performance contract debt are direct borrowings of the School District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the School District.

Compensated Absences

Civil service employees may accumulate an unlimited number of sick days. Upon retirement, those employees, with an excess of 80 days, will receive payment for unused sick days in accordance with the following schedule:

<u>Days Accumulated</u>	<u>Per Diem Rate</u>
81-110	\$ 35
111-150	40
151-210	45

Payments for unused sick leave shall not exceed \$5,350.

The School District also offers an additional retirement incentive to civil service employees, teachers and administrators who have accumulated in excess of 150 sick days. Those employees who use less than their annual sick day allotment may sell the remaining number of days given that year back to the School District at the rate of \$75 per day. At retirement, such money will be used by the School District to pay for the employee's share of health insurance and/or welfare fund contributions.

Vacation time is generally taken within the year earned. Compensated absences are funded by the General Fund. The value of the compensated absences has been reflected in the district-wide financial statements.

Pension Plans

New York State and Local Employees' Retirement System and Teachers' Retirement System

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. 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 ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS 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/about_us/financial_statements_index.php or obtained

City School District of Mount Vernon, New York

Notes to Financial Statements (Continued)
June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)

by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The TRS issues a stand-alone financial report which may be found at www.nystsr.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 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 ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rates for the plans' year ending in 2021 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I	21.6 %
	3 A15	16.2
	4 A15	16.2
	5 A15	13.5
	6 A15	9.7
TRS	1-6	9.53%

At June 30, 2021, the School District reported the following for its proportionate share of the net pension liability for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Net pension liability	\$ 51,638	\$ 16,670,620
School Districts' proportion of the net pension liability	0.0518592 %	0.603293 %
Change in proportion since the prior measurement date	(0.0026827) %	(0.020854) %

City School District of Mount Vernon, New York

Notes to Financial Statements (Continued)
June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)

The net pension liability was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS and the total pension liability used to calculate the net pension liability were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS 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. The School District's proportion of the net pension liability for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2021, the School District recognized pension expense in the district-wide financial statements of \$23,917,324 (\$1,418,647 for ERS and \$22,498,677 for TRS). Pension expenditures for ERS of \$2,317,847, \$76,733 and \$37,540 were recorded in the fund financial statements and were charged to the General, School Lunch and Special Aid funds, respectively. Pension expenditures for TRS of \$8,826,531 and \$431,588 were reported in the fund financial statements and were charged to the General and Special Aid funds, respectively. At June 30, 2021, the School District reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 630,643	\$ -	\$ 14,606,799	\$ 854,337
Changes of assumptions	9,494,612	179,071	21,084,455	7,515,506
Net difference between projected and actual earnings on pension plan investments	-	14,833,552	10,887,376	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	611,949	301,300	1,129,279	564,663
School District contributions subsequent to the measurement date	632,808	-	9,285,318	-
	<u>\$ 11,370,012</u>	<u>\$ 15,313,923</u>	<u>\$ 56,993,227</u>	<u>\$ 8,934,506</u>
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 15,237,442	\$ 854,337		
Changes of assumptions	30,579,067	7,694,577		
Net difference between projected and actual earnings on pension plan investments	10,887,376	14,833,552		
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,741,228	865,963		
School District contributions subsequent to the measurement date	9,918,126	-		
	<u>\$ 68,363,239</u>	<u>\$ 24,248,429</u>		

\$632,808 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan's year ended March 31, 2022. The \$9,285,318 reported as deferred outflows of resources related to TRS will be recognized as a reduction of the net pension liability in the plan's year ended June 30, 2021. Other amounts reported as deferred

City School District of Mount Vernon, New York

Notes to Financial Statements (Continued)
June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)

outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended	March 31, ERS	June 30, TRS
2021	\$ -	\$ 6,555,358
2022	(748,175)	13,170,673
2023	(216,418)	10,807,746
2024	(756,457)	6,814,796
2025	(2,855,669)	464,795
Thereafter	-	960,035
	<u>\$ (4,576,719)</u>	<u>\$ 38,773,403</u>

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted below, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Investment rate of return	5.9% *	7.1% *
Salary scale	4.4%	1.90%-4.72%
Inflation rate	2.7%	2.2%
Cost of living adjustments	1.4%	1.3%

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

For ERS, annuitant mortality rates are based on the ERS's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2019, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the ERS valuation were based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. The actuarial assumptions used in the TRS valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

For ERS, 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.

For TRS, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, *Selection of Economic*

City School District of Mount Vernon, New York

Notes to Financial Statements (Continued)
June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)

Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

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

Asset Type	ERS March 31, 2021		TRS June 30, 2020	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32 %	4.05 %	33 %	7.10 %
International Equity	15	6.30	16	7.70
Private Equity	10	6.75	8	10.40
Real Estate	9	4.95	11	6.80
Domestic Fixed Income Securities	-	-	16	1.80
Global Fixed Income Securities	-	-	2	1.00
High Yield Fixed Income Securities	-	-	1	3.90
Global Equities	-	-	4	7.40
Private Debt	-	-	1	5.20
Real Estate Debt	-	-	7	3.60
Opportunistic/ARS Portfolio	3	4.50	-	-
Credit	4	3.63	-	-
Real Assets	3	5.95	-	-
Fixed Income	23	0.00	-	-
Cash	1	0.50	1	0.70
	<u>100 %</u>		<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.7% for ERS and 2.2% for TRS.

The discount rate used to calculate the total pension liability was 5.9% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially 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.

City School District of Mount Vernon, New York

Notes to Financial Statements (Continued)
June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and 7.1% for TRS, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.9% for ERS and 6.1% for TRS) or 1 percentage point higher (6.9% for ERS and 8.1% for TRS) than the current rate:

	1% Decrease (4.9%)	Current Discount Rate (5.9%)	1% Increase (6.9%)
School District's proportionate share of the ERS net pension liability (asset)	<u>\$ 14,332,786</u>	<u>\$ 51,638</u>	<u>\$ (13,118,922)</u>
	1% Decrease (6.1%)	Current Discount Rate (7.1%)	1% Increase (8.1%)
School District's proportionate share of the TRS net pension liability (asset)	<u>\$ 105,302,564</u>	<u>\$ 16,670,620</u>	<u>\$ (57,714,041)</u>

The components of the collective net pension liability as of the March 31, 2021 ERS measurement date and the June 30, 2020 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	\$ 220,680,157,000	\$ 123,242,776,215
Fiduciary net position	<u>220,580,583,000</u>	<u>120,479,505,380</u>
Employers' net pension liability	<u>\$ 99,574,000</u>	<u>\$ 2,763,270,835</u>
Fiduciary net position as a percentage of total pension liability	<u>99.95%</u>	<u>97.76%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2021 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2021 were \$632,808 to ERS and \$10,387,974 to TRS (including employee contributions of \$1,102,656).

City School District of Mount Vernon, New York

Notes to Financial Statements (Continued)
June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)

Voluntary Defined Contribution Plan

The School District 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 School District will contribute 8%. Employer contributions vest after 366 days of service. Pension expenditures for this program were \$38,696 for the year ended June 30, 2021 and were charged to the General Fund.

Other Postemployment Benefit Liability ("OPEB")

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

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	750
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>1,446</u>
	<u><u>2,196</u></u>

The School District's total OPEB liability of \$447,441,175 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2019.

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Salary increases	2.90% – 10.0%, average, including inflation
Discount rate	2.16%
Healthcare cost trend rates	Medical and prescription drug - 5.40% for 2021, decreasing to an ultimate rate of 3.94% by 2075. Medicare Part B – 6.72% for 2021, decreasing to an ultimate rate of 3.94% by 2075.
Retirees' share of benefit-related costs	Varies from 15% to 50%, depending on coverage, applicable retirement year and bargaining unit.

City School District of Mount Vernon, New York

Notes to Financial Statements (Continued)
 June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)

The discount rate was based on the Bond Buyer General Obligation 20-Year Municipal Bond Index.

Mortality rates were based on the Pub-2010 General Headcount-Weighted table projected fully generationally using the Society of Actuaries' Scale MP-2019 for ERS and TRS participants.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The School District's change in the total OPEB liability for the year ended June 30, 2021 is as follows:

Total OPEB Liability - Beginning of Year	\$ 434,790,102
Service cost	22,026,833
Interest	10,013,850
Changes of benefit terms	-
Differences between expected and actual experience	(16,310,759)
Changes in assumptions or other inputs	4,364,895
Benefit payments	<u>(7,443,746)</u>
Total OPEB Liability - End of Year	<u>\$ 447,441,175</u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	<u>\$ 547,995,283</u>	<u>\$ 447,441,175</u>	<u>\$ 369,963,436</u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.4% decreasing to 2.94%) or 1 percentage point higher (6.4% decreasing to 4.94%) than the current healthcare cost trend rates:

	1% Decrease (4.4% decreasing to 2.94%)	Current Healthcare Cost Trend Rates (5.4% decreasing to 3.94%)	1% Increase (6.4% decreasing to 4.94%)
Total OPEB Liability	<u>\$ 353,446,021</u>	<u>\$ 447,441,175</u>	<u>\$ 576,163,889</u>

City School District of Mount Vernon, New York

Notes to Financial Statements (Continued)
 June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)

For the year ended June 30, 2021, the School District recognized OPEB expense of \$44,449,105 in the district-wide financial statements. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 111,678,226	\$ 7,895,026
Differences between expected and actual experience	-	29,298,036
	<u>\$ 111,678,226</u>	<u>\$ 37,193,062</u>

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

Year Ended June 30,	
2022	\$ 12,408,422
2023	12,408,422
2024	12,408,422
2025	12,408,422
2026	12,778,201
Thereafter	<u>12,073,275</u>
	<u>\$ 74,485,164</u>

F. Revenues and Expenditures**Interfund Transfers**

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

	Transfers In		
	Special Aid Fund	Capital Projects Fund	
Transfers Out			Total
General Fund	<u>\$ 3,321,000</u>	<u>\$ 600,000</u>	<u>\$ 3,921,000</u>

Transfers are used to move amounts earmarked in the General Fund to fulfill commitments for Special Aid and Capital Projects funds expenditures.

City School District of Mount Vernon, New York

Notes to Financial Statements (Continued)
June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)

G. Net Position

The components of net position are detailed below:

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

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

Restricted for Unemployment Benefits - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-m of the General Municipal Law of the State of New York.

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

Restricted for Workers' Compensation Benefits - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-j of the General Municipal Law of the State of New York.

Restricted for Special Purposes - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by either external parties and/or statute.

Restricted for Tax Certiorari - the component of net position that has been established in accordance with the Education Law of the State of New York to provide funding for court ordered tax refunds which are currently in process.

Restricted for Retirement System Contributions - the component of net position that reports the amounts set aside to be used for ERS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

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

City School District of Mount Vernon, New York

Notes to Financial Statements (Continued) June 30, 2021

Note 3 - Detailed Notes on All Funds (Continued)

H. Fund Balances

	2021				2020			
	General Fund	Capital Projects Fund	Non-Major Governmental	Total	General Fund	Capital Projects Fund	Non-Major Governmental	Total
Nonspendable - Inventories	\$ -	\$ -	\$ 2,750	\$ 2,750	\$ -	\$ -	\$ 52,972	\$ 52,972
Restricted:								
Tax certiorari	1,447,318	-	-	1,447,318	3,344,702	-	-	3,344,702
Employee benefit accrued liability	289,888	-	-	289,888	289,656	-	-	289,656
Employee benefit accrued liability - for subsequent year's expenditures	-	-	-	-	160,000	-	-	160,000
Retirement system contributions	492,900	-	-	492,900	492,506	-	-	492,506
Retirement system contributions - for subsequent year's expenditures	-	-	-	-	390,000	-	-	390,000
Unemployment benefits	11,177	-	-	11,177	11,168	-	-	11,168
Unemployment benefits - for subsequent year's expenditures	-	-	-	-	15,000	-	-	15,000
Debt service	3,481,898	-	-	3,481,898	5,195,348	-	-	5,195,348
Debt service - for subsequent year's expenditures	1,717,606	-	-	1,717,606	4,879,416	-	-	4,879,416
Workers' compensation benefits	36,934	-	-	36,934	36,904	-	-	36,904
Workers' compensation benefits - for subsequent year's expenditures	-	-	-	-	36,000	-	-	36,000
Capital projects	-	4,129,423	-	4,129,423	-	10,103,590	-	10,103,590
Special purposes (1)	-	-	186,177	186,177	-	-	159,619	159,619
Total Restricted	7,477,721	4,129,423	186,177	11,793,321	14,850,700	10,103,590	159,619	25,113,909
Assigned:								
Purchases on order:								
General government support	631,090	-	-	631,090	54,615	-	-	54,615
Instruction	363,569	-	-	363,569	74,011	-	-	74,011
Transportation	1,609	-	-	1,609	-	-	-	-
Subsequent year's expenditures	996,268	-	-	996,268	128,626	-	-	128,626
Deficit	3,057,620	-	-	3,057,620	6,070,453	-	-	6,070,453
Total Assigned	4,053,888	-	-	4,053,888	4,870,247	-	-	4,870,247
Unassigned	9,310,444	-	(1,061,743)	8,248,701	-	-	(198,451)	(198,451)
Total Fund Balances (Deficits)	\$ 20,842,053	\$ 4,129,423	\$ (872,816)	\$ 24,098,660	\$ 19,720,947	\$ 10,103,590	\$ 14,140	\$ 29,838,677

(1) Balance at June 30, 2020 restated for the implementation of provisions of GASB Statement No. 84, "Fiduciary Activities".

City School District of Mount Vernon, New York

Notes to Financial Statements (Continued)
June 30, 2021

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.

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

Employee Benefit Accrued Liability - the component of fund balance that has been restricted pursuant to Section 6-p of the General Municipal Law of the State of New York to provide funds for the payment of unused sick time and other forms of payment for accrued leave time granted upon termination or separation from service.

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

Subsequent year's expenditures represent that at June 30, 2021, the Board of Education has utilized the above amounts to be appropriated for the ensuing year's budget.

Unassigned fund balance in the School Lunch Fund represents the deficit in the fund.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

The School District is defendant in three claims filed under the New York State Child Victims Act. This Act extended the statute of limitations for cases involving child molestation or child abuse. The School District denies all allegations and liability in each lawsuit. Any payments resulting from adverse decisions will be funded by either budgetary appropriations or through the issuance of bonds.

The School District is also a defendant in actions in which, on occasion, parents seek reimbursement for tuition paid by them to private schools where they have unilaterally placed (enrolled) their children. If the parents' were successful in these claims, they could receive reimbursement for both tuition and attorneys' fees. The School District rigorously contests any liability for these claims, as it feels: a) it had provided an appropriate placement for the children at issue; and b) the parents' unilateral placement are not consistent with the Individuals with Educational Disabilities Act. As mentioned above, the School District is contending that any and all cases should be dismissed. However, it is not possible to express an opinion on the outcome of these matters.

City School District of Mount Vernon, New York

Notes to Financial Statements (Continued)
June 30, 2021

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

The School District is a defendant in various actions seeking damages for alleged employment and discriminatory practices. The School District has aggressively pursued defense of these actions. Of the claims currently pending, none are expected to have a material effects on the School District, if adversely settled.

The School District is a defendant in breach of contract and delay damages actions commenced by contractors who performed services for the School District's active construction projects. These contractors seek damages in the aggregate amount of approximately \$7 million. The parties are pursuing settlement talks at the current time.

B. Contingencies

The School District participates in various Federal grant programs. 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 School District anticipates such amounts, if any, to be immaterial.

The School District is subject to audits of State aid by the New York State Education Department. The amount of aid previously paid to the School District which may be disallowed cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

C. Risk Management

The School District purchases a combination of admitted excess insurance coverages from various carriers to reduce its exposure to loss. The School District's liability policies provide coverage up to \$10.75 million above the School District's retentions and deductibles. The School District purchases conventional medical insurance coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School District is part of the New York State Public Schools Workers' Compensation Trust, a self-insurance workers' compensation trust.

Note 5 - Tax Abatements

The Mount Vernon Industrial Development Agency ("MVIDA") is a public benefit corporation pursuant to the New York State Industrial Development Agency Act and MVIDA's enabling legislation, respectively constituting Title 1 of Article 18 A of the General Municipal Law of the State of New York, as amended and Chapter 786 of the 1976 Laws of New York, authorizing MVIDA to: (1) promote the economic welfare, recreational opportunities, and prosperity of its inhabitants; and (2) promote, attract, encourage, and develop recreation, economically sound commerce, and industry through governmental action for the purpose of preventing unemployment and economic deterioration.

To that end, MVIDA is permitted to issue revenue bonds/notes, sales tax exemption, mortgage recording tax exemption, and/or property tax abatements via payments in lieu of tax agreements ("PILOTs"). MVIDA's incentivized projects are legally titled to the MVIDA until all of their financial obligations are satisfied. Arrangements to review or access copies of these PILOT agreements may be made by contacting MVIDA's Records Access Officer, via foilida@cmvny.com.

City School District of Mount Vernon, New York

Notes to Financial Statements (Concluded)
June 30, 2021

Note 5 - Tax Abatements (Continued)

Additionally, the City is permitted to issue revenue bonds/notes, sales tax exemption, mortgage recording tax exemption, and/or PILOT agreements. PILOT agreements are approved by the Board of Estimate and Contract and filed with the City Clerk's Office. Arrangements to review or access copies of these PILOT agreements may be made by contacting the City Comptroller's Office at 914-665-2304.

Information relevant to disclosure of these agreements for the fiscal year ended June 30, 2021 is as follows:

Start Date	Agreement	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Received (1)	Taxes Abated
Apr-18	22 South West Street	\$ 355,760	\$ 910.64	\$ 320,924	\$ 54,479	\$ 266,445
Nov-14	203 Gramatan Ave/ Blue Rio, LLC Project	418,641	910.64	377,648	44,426	333,222
Dec-14	130 Modern LLC/Macquesten - COMMERCIAL	190,000	910.64	171,395	24,696	146,699
Apr-18	Ace Natural, Inc./Exit 8 Hutch LLC Natural Food	130,615	910.64	117,825	68,491	49,334
Apr-16	Dominican Magic	52,583	910.64	47,434	60,602	(13,168)
Sep-17	Enclave at Fleetwood	163,829	910.64	147,787	118,948	28,839
Aug-13	Enclave on 5th Housing Development Fund Company, I	94,300	910.64	85,066	24,897	60,169
May-04	Grace Plaza LLC	30,000	910.64	27,062	34,656	(7,594)
Sep-14	Grace Terrace LLC	125,404	910.64	113,124	38,364	74,760
Dec-07	Grace Towers Housing II LLC	198,100	910.64	178,702	-	178,702
Jun-05	Heritage House North (aka Mount Vernon North)	250,000	910.64	225,520	59,712	165,808
Jun-05	Heritage House South (aka Mount Vernon South)	1,000,000	910.64	902,080	135,589	766,491
TBD	Oakwood Gardens	182,720	910.64	164,828	44,136	120,692
Sep-17	Warren Place LLC & American Christmas, Inc.	115,000	910.64	103,739	46,860	56,879
Jul-16	Regent Hospitality Linen Services	27,750	910.64	25,033	44,704	(19,671)
2001	Target	500,000	910.64	451,040	175,168	275,872
Apr-14	Zion Court Apartments LP - COMMERCIAL	96,000	910.64	86,600	29,909	56,691
Nov-03	Kings Court	10,500	910.64	9,472	11,979	(2,507)
Nov-03	Macedonia Towers	38,800	910.64	35,001	36,887	(1,886)
TBD	Sanford Terrace	N/A	N/A	N/A	9,346	N/A
TBD	Ebony Gardens Project	311,650	910.64	281,133	142,046	139,087
TBD	Petrillo Apartments	448,000	910.64	404,132	39,254	364,878
		<u>\$ 4,739,652</u>		<u>\$ 4,275,545</u>	<u>\$ 1,245,149</u>	<u>\$ 3,039,742</u>

- (1) Based on City and MVIDA fiscal years, which do not coincide with the School District's fiscal year. This accounts for the difference reported as PILOT revenues in the General Fund with amounts reported on this schedule.

Note 6 - Recently Issued GASB Pronouncements

GASB Statement No. 87, "Leases", as amended by GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance", establishes 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.

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

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City School District of Mount Vernon, New York

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

	2021	2020	2019	2018
Total OPEB Liability:				
Service cost	\$ 22,026,833	\$ 11,514,132	\$ 9,918,175	\$ 10,448,279
Interest	10,013,850	11,248,376	11,059,672	10,048,251
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(16,310,759)	(20,034,830) (6)	-	-
Changes of assumptions or other inputs	4,364,895 (7)	126,774,298 (5)	19,414,768 (4)	(14,506,870)
Benefit payments	(7,443,746)	(7,265,951)	(7,330,409)	(7,175,202)
Net Change in Total OPEB Liability	12,651,073	122,236,025	33,062,206	(1,185,542)
Total OPEB Liability – Beginning of Year	434,790,102	312,554,077	279,491,871	280,677,413 (3)
Total OPEB Liability – End of Year	<u>\$ 447,441,175</u>	<u>\$ 434,790,102</u>	<u>\$ 312,554,077</u>	<u>\$ 279,491,871</u>
School District's covered-employee payroll	<u>\$ 108,315,748</u>	<u>\$ 116,525,554</u>	<u>\$ 119,445,108</u>	<u>\$ 115,011,081</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>413.09%</u>	<u>373.13%</u>	<u>261.67%</u>	<u>243.01%</u>

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

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

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

(4) The discount rate used to calculate the OPEB liability decreased from 3.87% to 3.51%.

(5) The discount rate used to calculate the OPEB liability decreased from 3.51% to 2.21%.

(6) Differences between expected and actual experience were attributable to a) an update of the mortality rates and health care trend rates b) actual spousal health coverage election was used for existing retirees instead of assuming 45% male and 30% female retirees electing health coverage for their spouses and c) the percentage of teachers and administrators who are assumed to be eligible for the higher School District subsidies have been reduced from 100% to 60%.

(7) The discount rate used to calculate the OPEB liability decreased from 2.21% to 2.16%.

City School District of Mount Vernon, New York

**Required Supplementary Information
New York State Teachers' Retirement System
Last Ten Fiscal Years (1)**

Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) (2)									
	2021 (6)	2020 (5)	2019	2018 (4)	2017 (3)	2016	2015		
School District's proportion of the net pension liability (asset)	0.603293%	0.624147%	0.624652%	0.623740%	0.607492%	0.606311%	0.607830%		
School District's proportionate share of the net pension liability (asset)	\$ 16,670,620	\$ (16,215,384)	\$ (11,295,365)	\$ (4,741,045)	\$ 6,506,499	\$ (62,976,396)	\$ (67,708,478)		
School District's covered payroll	\$ 102,683,939	\$ 105,845,556	\$ 102,637,143	\$ 100,002,722	\$ 96,735,238	\$ 91,126,315	\$ 89,785,963		
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	16.23%	(15.32)%	(11.01)%	(4.74)%	6.73%	(69.11)%	(75.41)%		
Plan fiduciary net position as a percentage of the total pension liability	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%		

Schedule of Contributions

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 9,285,318	\$ 9,097,797	\$ 11,240,798	\$ 10,058,440	\$ 11,720,319	\$ 12,827,093	\$ 15,974,443
Contributions in relation to the contractually required contribution	(9,285,318)	(9,097,797)	(11,240,798)	(10,058,440)	(11,720,319)	(12,827,093)	(15,974,443)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 97,432,508	\$ 102,683,939	\$ 105,845,556	\$ 102,637,143	\$ 100,002,722	\$ 96,735,238	\$ 91,126,315
Contributions as a percentage of covered payroll	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

- (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 June 30 measurement date of the prior fiscal year.
- (3) The discount rate used to calculate the total pension liability decreased from 8.0% to 7.5% effective with the June 30, 2016 measurement date.
- (4) The discount rate used to calculate the total pension liability decreased from 7.5% to 7.25% effective with the June 30, 2017 measurement date.
- (5) The discount rate used to calculate the total pension liability decreased from 7.25% to 7.10% effective with the June 30, 2019 measurement date.
- (6) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

See independent auditors' report.

City School District of Mount Vernon, New York

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

Schedule of the School District's Proportionate Share of the Net Pension Liability (2)									
	2021 (6)	2020 (4)(5)	2019	2018	2017	2016 (3)	2015		
School District's proportion of the net pension liability	0.0518592%	0.0545419%	0.0556532%	0.0557423%	0.0571999%	0.0530303%	0.0523661%		
School District's proportionate share of the net pension liability	\$ 51,638	\$ 14,443,013	\$ 3,943,200	\$ 1,799,052	\$ 5,374,626	\$ 8,511,507	\$ 1,769,056		
School District's covered payroll	\$ 16,556,632	\$ 18,395,470	\$ 18,517,148	\$ 17,631,678	\$ 17,193,770	\$ 15,660,046	\$ 15,863,653		
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.31%	78.51%	21.29%	10.20%	31.26%	54.35%	11.15%		
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%		

Schedule of Contributions									
	2021	2020	2019	2018	2017	2016	2015		
Contractually required contribution	\$ 2,444,595	\$ 2,465,850	\$ 2,407,791	\$ 2,439,004	\$ 2,492,239	\$ 2,552,300	\$ 2,757,052		
Contributions in relation to the contractually required contribution	(2,444,595)	(2,465,850)	(2,407,791)	(2,439,004)	(2,492,239)	(2,552,300)	(2,757,052)		
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
School District's covered payroll	\$ 16,284,493	\$ 18,028,144	\$ 18,359,996	\$ 17,709,333	\$ 17,622,287	\$ 14,864,717	\$ 15,199,078		
Contributions as a percentage of covered payroll	15.01%	13.68%	13.11%	13.77%	14.14%	17.17%	18.14%		

- (1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".
- (2) The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.
- (3) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.
- (4) The discount rate used to calculate the total pension liability was decreased from 7.0% to 6.8% effective with the March 31, 2020 measurement date.
- (5) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.
- (6) Decrease in the School District's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains, partially offset by a decrease in the discount rate from 6.8% to 5.9% effective with the March 31, 2021 measurement date.

See independent auditors' report.

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City School District of Mount Vernon, New York

General Fund
Comparative Balance Sheet
June 30,

	2021	2020
ASSETS		
Cash and equivalents	\$ 23,387,598	\$ 7,650,257
Receivables		
Taxes	19,074,019	30,094,841
Accounts, net of allowance for uncollectible amounts of \$10,184 in 2021 and 2020	142	1,574
State and Federal aid	6,227,183	4,742,952
Due from other governments	1,415,725	2,692,115
Due from other funds	8,145,790	8,606,651
	<u>34,862,859</u>	<u>46,138,133</u>
Total Assets	<u>\$ 58,250,457</u>	<u>\$ 53,788,390</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 4,211,453	\$ -
Accrued liabilities	3,468,449	6,404,206
Employee payroll deductions	6,078	26,327
Due to retirement systems	11,020,782	10,878,251
Overpayments	358,042	316,312
Total Liabilities	19,064,804	17,625,096
Deferred inflows of resources		
Deferred tax revenues	18,343,600	16,442,347
Total Liabilities and Deferred Inflows of Resources	<u>37,408,404</u>	<u>34,067,443</u>
Fund balance		
Restricted	7,477,721	14,850,700
Assigned	4,053,888	4,870,247
Unassigned	9,310,444	-
Total Fund Balance	<u>20,842,053</u>	<u>19,720,947</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 58,250,457</u>	<u>\$ 53,788,390</u>

See independent auditors' report.

City School District of Mount Vernon, New York

General Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Years Ended June 30,

	2021				
	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget
REVENUES					
Real property taxes	\$ 119,693,672	\$ 119,693,672	\$ 117,502,893	\$	\$ (2,190,779)
Other tax items	17,547,091	17,547,091	16,988,940		(558,151)
Non-property taxes	2,500,000	2,500,000	2,978,283		478,283
Charges for services	1,378,000	1,378,000	285,447		(1,092,553)
Use of money and property	475,000	475,000	29,832		(445,168)
Interfund revenues	200,000	200,000	144,300		(55,700)
State aid	104,957,176	104,957,176	102,381,380		(2,575,796)
Federal aid	65,000	65,000	1,055,772		990,772
Miscellaneous	1,100,026	1,100,026	720,123		(379,903)
Total Revenues	247,915,965	247,915,965	242,086,970		(5,828,995)
EXPENDITURES					
Current					
General support					
Board of education	300,377	314,265	288,607	-	25,658
Central administration	911,702	906,414	867,923	1,907	36,584
Finance	1,909,230	1,896,357	1,826,104	7,934	62,319
Staff	1,847,706	2,094,895	1,543,240	97	551,558
Central services	21,773,178	22,322,364	19,480,120	621,152	2,221,092
Special items	3,826,183	7,323,476	6,451,305	-	872,171
Total General Support	30,568,376	34,857,771	30,457,299	631,090	3,769,382
Instruction					
Instruction, administration and improvement	10,735,892	10,614,113	9,023,162	18,844	1,572,107
Teaching - Regular school Programs for students with disabilities	70,774,555	72,569,486	68,492,649	151,521	3,925,316
Teaching - Special schools	40,080,414	38,036,002	33,622,806	68,654	4,344,542
Instructional media	1,368,981	1,603,391	1,491,155	190	112,046
Pupil services	8,788,539	8,887,716	8,382,448	43,680	461,588
	10,887,596	11,113,692	9,334,914	80,680	1,698,098
Total Instruction	142,635,977	142,824,400	130,347,134	363,569	12,113,697
Pupil transportation	9,271,607	8,388,875	6,042,421	1,609	2,344,845
Employee benefits	51,854,159	50,701,366	48,871,945	-	1,829,421
Debt service					
Principal	13,992,607	13,992,607	13,992,607	-	-
Interest	7,486,734	7,486,734	7,486,733	-	1
Total Expenditures	255,809,460	258,251,753	237,198,139	996,268	20,057,346
Excess (Deficiency) of Revenues Over Expenditures	(7,893,495)	(10,335,788)	4,888,831	(996,268)	14,228,351
OTHER FINANCING SOURCES (USES)					
Insurance recoveries	135,000	135,000	153,275	-	18,275
Issuance premium	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(3,921,000)	(3,921,000)	(3,921,000)	-	-
Total Other Financing Uses	(3,786,000)	(3,786,000)	(3,767,725)	-	18,275
Net Change in Fund Balance	(11,679,495)	(14,121,788)	1,121,106	\$ (996,268)	\$ 14,246,626
FUND BALANCE					
Beginning of Year	11,679,495	14,121,788	19,720,947		
End of Year	\$ -	\$ -	\$ 20,842,053		

See independent auditors' report.

2020				
Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget
\$ 118,413,839	\$ 118,407,671	\$ 108,002,918	\$	\$ (10,404,753)
18,976,924	18,976,924	19,249,290		272,366
2,480,000	2,480,000	2,717,133		237,133
1,025,000	1,025,000	1,035,612		10,612
660,000	660,000	623,758		(36,242)
200,000	200,000	236,075		36,075
107,154,014	107,154,014	105,037,443		(2,116,571)
40,000	40,000	18,617		(21,383)
1,082,000	1,082,000	686,130		(395,870)
250,031,777	250,025,609	237,606,976		(12,418,633)
323,354	395,110	337,334	1,750	56,026
981,851	939,550	857,154	-	82,396
1,968,270	1,847,514	1,809,046	-	38,468
1,916,593	1,821,552	1,753,670	-	67,882
22,258,493	22,123,083	21,716,515	52,865	353,703
3,011,397	3,503,510	3,471,243	-	32,267
30,459,958	30,630,319	29,944,962	54,615	630,742
10,421,079	10,315,200	10,089,511	55,425	170,264
71,454,013	72,654,958	70,913,772	3,355	1,737,831
40,534,165	38,588,796	36,164,077	-	2,424,719
1,710,216	1,734,818	1,616,863	-	117,955
8,451,057	8,400,884	7,802,250	15,231	583,403
11,014,685	11,003,443	10,359,496	-	643,947
143,585,215	142,698,099	136,945,969	74,011	5,678,119
8,429,421	8,598,447	5,496,007	-	3,102,440
49,599,825	50,961,170	49,607,494	-	1,353,676
11,813,386	11,813,386	11,813,386	-	-
7,298,464	7,298,465	7,298,463	-	2
251,186,269	251,999,886	241,106,281	128,626	10,764,979
(1,154,492)	(1,974,277)	(3,499,305)	(128,626)	(1,653,654)
170,000	170,000	227,530	-	57,530
-	-	1,006,416	-	1,006,416
-	-	1,099,911	-	1,099,911
(4,961,000)	(5,528,052)	(5,528,052)	-	-
(4,791,000)	(5,358,052)	(3,194,195)	-	2,163,857
(5,945,492)	(7,332,329)	(6,693,500)	\$ (128,626)	\$ 510,203
5,945,492	7,332,329	26,414,447		
\$ -	\$ -	\$ 19,720,947		

City School District of Mount Vernon, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget **Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REAL PROPERTY TAXES	\$ 119,693,672	\$ 119,693,672	\$ 117,502,893	\$ (2,190,779)
OTHER TAX ITEMS				
School tax relief reimbursement	15,697,091	15,697,091	15,697,091	-
Interest and penalties on real property taxes	1,000,000	1,000,000	116,343	(883,657)
Payments in lieu of taxes	850,000	850,000	1,175,506	325,506
	17,547,091	17,547,091	16,988,940	(558,151)
NON-PROPERTY TAXES				
Utility gross receipts tax	2,500,000	2,500,000	2,978,283	478,283
CHARGES FOR SERVICES				
Health services for other districts	38,000	38,000	-	(38,000)
Other services for other districts and governments	1,340,000	1,340,000	285,447	(1,054,553)
	1,378,000	1,378,000	285,447	(1,092,553)
USE OF MONEY AND PROPERTY				
Earnings on investments	450,000	450,000	29,832	(420,168)
Rentals - Other	25,000	25,000	-	(25,000)
	475,000	475,000	29,832	(445,168)
INTERFUND REVENUES				
	200,000	200,000	144,300	(55,700)

STATE AID				
Basic formula	97,565,272	97,565,272	94,700,496	(2,864,776)
BOCES	5,610,769	5,610,769	5,825,765	214,996
Textbooks	564,385	564,385	561,064	(3,321)
Computer software and hardware	265,832	265,832	251,969	(13,863)
Library aid	34,218	34,218	52,606	18,388
Incarcerated youth	516,700	516,700	557,521	40,821
Other	400,000	400,000	431,959	31,959
	<u>104,957,176</u>	<u>104,957,176</u>	<u>102,381,380</u>	<u>(2,575,796)</u>
FEDERAL AID				
Elementary and Secondary School Emergency Relief Fund (CARES)	-	-	836,589	836,589
Governor's Emergency Education Relief Fund (CARES)	-	-	219,183	219,183
Medical assistance	65,000	65,000	-	(65,000)
	<u>65,000</u>	<u>65,000</u>	<u>1,055,772</u>	<u>990,772</u>
MISCELLANEOUS				
Refund of prior year's expenditures	815,000	815,000	670,632	(144,368)
Other	285,026	285,026	49,491	(235,535)
	<u>1,100,026</u>	<u>1,100,026</u>	<u>720,123</u>	<u>(379,903)</u>
TOTAL REVENUES	247,915,965	247,915,965	242,086,970	(5,828,995)
OTHER FINANCING SOURCES				
Insurance recoveries	135,000	135,000	153,275	18,275
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 248,050,965</u>	<u>\$ 248,050,965</u>	<u>\$ 242,240,245</u>	<u>\$ (5,810,720)</u>

See independent auditors' report.

City School District of Mount Vernon, New York

General Fund
Schedule of Expenditures and Other Financing Uses Compared to Budget
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	\$ 48,378	\$ 46,301	\$ 35,189	-	\$ 11,112
District clerk	173,239	173,239	172,638	-	601
District meeting	78,760	94,725	80,780	-	13,945
Total Board of Education	300,377	314,265	288,607	-	25,658
CENTRAL ADMINISTRATION					
Chief school administrator	911,702	906,414	867,923	1,907	36,584
FINANCE					
Business administration	1,524,590	1,497,185	1,450,447	7,934	38,804
Auditing	104,548	129,148	129,071	-	77
Fiscal agent fees	15,000	15,000	5,100	-	9,900
Purchasing	265,092	255,024	241,486	-	13,538
Total Finance	1,909,230	1,896,357	1,826,104	7,934	62,319
STAFF					
Legal	817,126	1,013,712	742,560	-	271,152
Personnel	798,280	808,537	661,126	97	147,314
Records management	18,000	69,050	33,867	-	35,183
Public information and services	214,300	203,596	105,687	-	97,909
Total Staff	1,847,706	2,094,895	1,543,240	97	551,558
CENTRAL SERVICES					
Operation of plant	11,946,341	11,371,388	10,395,587	136,615	839,186
Maintenance of plant	3,637,975	3,798,963	2,758,873	464,702	575,388
Security services	3,439,851	3,432,119	2,955,629	3,338	473,152
Central data processing	2,309,410	3,284,270	3,043,839	13,401	227,030
Central printing and mailing	439,601	435,624	326,192	3,096	106,336
Total Central Services	21,773,178	22,322,364	19,480,120	621,152	2,221,092

SPECIAL ITEMS

Unallocated insurance
 School association dues
 Administrative charge - BOCES
 Assessments on school property
 Judgments and claims

2,200,000	3,305,000	2,597,215	-	707,785
8,216	8,216	7,887	-	329
1,222,967	1,222,967	1,202,967	-	20,000
270,000	270,000	255,319	-	14,681
125,000	2,517,293	2,387,917	-	129,376

Total Special Items

3,826,183	7,323,476	6,451,305	-	872,171
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Total General Support

30,568,376	34,857,771	30,457,299	631,090	3,769,382
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INSTRUCTION**INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

Curriculum development and supervision
 Supervision - Regular school
 Supervision - Special school
 Research, planning and evaluation
 In-service training - Instruction

2,923,422	2,725,945	1,755,950	16,000	953,995
6,667,160	6,601,858	6,143,187	2,844	455,827
992,610	992,610	833,460	-	159,150
2,700	2,700	-	-	2,700
150,000	291,000	290,565	-	435

Total Instruction, Administration
 and Improvement

10,735,892	10,614,113	9,023,162	18,844	1,572,107
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TEACHING - REGULAR SCHOOL

70,774,555	72,569,486	68,492,649	151,521	3,925,316
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PROGRAMS FOR STUDENTS WITH DISABILITIES

40,080,414	38,036,002	33,622,806	68,654	4,344,542
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TEACHING - SPECIAL SCHOOLS

1,368,981	1,603,391	1,491,155	190	112,046
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INSTRUCTIONAL MEDIA

School library and audiovisual
 Computer assisted instruction

1,736,494	1,767,670	1,308,443	8,639	450,588
7,052,045	7,120,046	7,074,005	35,041	11,000

Total Instructional Media

8,788,539	8,887,716	8,382,448	43,680	461,588
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(Continued)

City School District of Mount Vernon, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued) **Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget
PUPIL SERVICES					
Attendance - Regular school	\$ -	\$ 3,000	\$ 3,000	-	\$ -
Guidance - Regular school	3,402,135	3,391,351	2,884,979	3,813	502,559
Health services - Regular school	2,238,416	2,464,852	1,990,066	1,100	473,686
Psychological services - Regular school	2,305,735	2,305,735	2,089,306	-	216,429
Social work services - Regular school	1,947,393	1,947,393	1,599,118	-	348,275
Pupil personnel services - Regular school	260,412	278,835	278,551	284	-
Interscholastic athletics - Regular school	733,505	722,526	489,894	75,483	157,149
Total Pupil Services	10,887,596	11,113,692	9,334,914	80,680	1,698,098
Total Instruction	142,635,977	142,824,400	130,347,134	363,569	12,113,697
PUPIL TRANSPORTATION					
District transportation services	70,880	128,148	127,679	449	20
Contract transportation	9,200,727	8,260,727	5,914,742	1,160	2,344,825
Total Pupil Transportation	9,271,607	8,388,875	6,042,421	1,609	2,344,845
EMPLOYEE BENEFITS					
State retirement	2,618,644	2,618,644	2,317,847	-	300,797
Teachers' retirement	9,344,528	8,886,735	8,826,531	-	60,204
Voluntary defined contribution plan	54,000	54,000	38,696	-	15,304
Early retirement incentive	448,000	448,000	424,176	-	23,824
Life Insurance	20,000	20,000	10,054	-	9,946
Social security	9,016,839	8,321,839	8,309,662	-	12,177
Workers' compensation	2,053,457	2,053,457	1,975,240	-	78,217
Hospital, medical and dental benefits	26,471,691	25,971,691	25,572,503	-	399,188
Unemployment benefits	190,000	690,000	110,342	-	579,658
Disability insurance	25,000	25,000	1,217	-	23,783
Employee assistance program	30,000	30,000	-	-	30,000
Welfare fund contributions	1,582,000	1,582,000	1,285,677	-	296,323
Total Employee Benefits	51,854,159	50,701,366	48,871,945	-	1,829,421

DEBT SERVICE					
Principal					
Serial bonds	11,205,000	11,205,000	11,205,000	-	-
Energy performance contract	2,787,607	2,787,607	2,787,607	-	-
	13,992,607	13,992,607	13,992,607	-	-
Interest					
Serial bonds	6,500,141	6,500,141	6,500,141	-	-
Energy performance contract	986,593	986,593	986,592	-	1
	7,486,734	7,486,734	7,486,733	-	1
Total Debt Service	21,479,341	21,479,341	21,479,340	-	1
TOTAL EXPENDITURES	255,809,460	258,251,753	237,198,139	996,268	20,057,346
OTHER FINANCING USES					
Transfers out					
Special Aid Fund	3,321,000	3,321,000	3,321,000	-	-
Capital Projects Fund	600,000	600,000	600,000	-	-
TOTAL OTHER FINANCING USES	3,921,000	3,921,000	3,921,000	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 259,730,460	\$ 262,172,753	\$ 241,119,139	\$ 996,268	\$ 20,057,346

See independent auditors' report.

City School District of Mount Vernon, New York

Special Aid Fund
Comparative Balance Sheet
June 30,

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and equivalents	\$ 1,912,221	\$ -
State and Federal aid receivable	<u>6,181,068</u>	<u>8,883,405</u>
Total Assets	<u>\$ 8,093,289</u>	<u>\$ 8,883,405</u>
LIABILITIES		
Accounts payable	\$ 850,228	\$ 304,612
Due to other funds	6,759,954	8,274,731
Unearned revenues	<u>483,107</u>	<u>304,062</u>
Total Liabilities	<u>\$ 8,093,289</u>	<u>\$ 8,883,405</u>

See independent auditors' report.

City School District of Mount Vernon, New York

Special Aid Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	2021	2020
REVENUES		
State aid	\$ 1,872,361	\$ 5,285,939
Federal aid	6,813,583	6,421,992
Miscellaneous	600,671	656,791
Total Revenues	9,286,615	12,364,722
EXPENDITURES		
Current		
Instruction	12,607,615	15,685,722
Deficiency of Revenues Over Expenditures	(3,321,000)	(3,321,000)
OTHER FINANCING SOURCES		
Transfers in	3,321,000	3,321,000
Net Change in Fund Balance	-	-
FUND BALANCE		
Beginning of Year	-	-
End of Year	\$ -	\$ -

See independent auditors' report.

City School District of Mount Vernon, New York

Capital Projects Fund
Comparative Balance Sheet
June 30,

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and equivalents	<u>\$ 4,347,193</u>	<u>\$ 14,100,160</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 147,822	\$ 2,429,243
Accrued liabilities	-	1,515,865
Due to other funds	<u>69,948</u>	<u>51,462</u>
Total Liabilities	217,770	3,996,570
Fund balance		
Restricted	<u>4,129,423</u>	<u>10,103,590</u>
Total Liabilities and Fund Balance	<u>\$ 4,347,193</u>	<u>\$ 14,100,160</u>

See independent auditors' report.

City School District of Mount Vernon, New York

Capital Projects Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	<u>2021</u>	<u>2020</u>
REVENUES		
State aid	\$ 3,242,478	\$ 1,517,770
EXPENDITURES		
Capital outlay	<u>9,816,645</u>	<u>30,099,764</u>
Deficiency of Revenues Over Expenditures	<u>(6,574,167)</u>	<u>(28,581,994)</u>
OTHER FINANCING SOURCES (USES)		
General obligation bonds issued	-	22,275,000
Issuance premium	-	2,350,000
Insurance recoveries	-	49,095
Transfers in	600,000	1,640,000
Transfers out	<u>-</u>	<u>(1,099,911)</u>
Total Other Financing Sources	<u>600,000</u>	<u>25,214,184</u>
Net Change in Fund Balance	(5,974,167)	(3,367,810)
FUND BALANCE		
Beginning of Year	<u>10,103,590</u>	<u>13,471,400</u>
End of Year	<u>\$ 4,129,423</u>	<u>\$ 10,103,590</u>

See independent auditors' report.

City School District of Mount Vernon, New York

**Capital Projects Fund
Project-Length Schedule**

Inception of Project Through June 30, 2021

Project Number	Project	Authorization	Expenditures and Transfers to Date			Unexpended Balance
			Prior Years	Current Year	Total	
93	District-Wide Excel Project	\$ 20,000,000	\$ 19,884,859	\$ -	\$ 19,884,859	\$ 115,141
107	Swimming Pool Renovation	3,121,693	3,121,693	-	3,121,693	-
113	District- Wide Infrastructure	108,357,500	94,139,926	6,984,783	101,124,709	7,232,791
130	Williams Bathroom	275,000	252,164	-	252,164	22,836
125	Mount Vernon High School - Little Hands Playground	400,000	357,634	-	357,634	42,366
127	Annual Projects 2017-2018	1,400,177	1,198,302	-	1,198,302	201,875
128	AB Davis Library Floor Repair	472,580	472,580	-	472,580	-
131	Mount Vernon High School - Green House	100,000	100,000	-	100,000	-
134	Smart Schools Bond Act	7,961,129	2,520,981	1,363,593	3,884,574	4,076,555
123	Graham School Site Improvements	1,000,000	1,000,000	-	1,000,000	-
132	Annual Projects 2019-2020	1,640,000	1,640,000	-	1,640,000	-
135	Annual Projects 2020-2021	600,000	-	486,966	486,966	113,034
136	Culinary Arts Project	1,025,054	-	981,303	981,303	43,751
Total		<u>\$ 146,353,133</u>	<u>\$ 124,688,139</u>	<u>\$ 9,816,645</u>	<u>\$ 134,504,784</u>	<u>\$ 11,848,349</u>

See independent auditors' report.

Proceeds of Obligations	Methods of Financing				Fund Balance (Deficit) at June 30, 2021
	Interfund Transfers	State Aid	Other	Total	
\$ 12,346,208	\$ -	\$ 7,538,651	\$ -	\$ 19,884,859	\$ -
-	1,800,000	1,000,000	-	2,800,000	(321,693)
108,355,595	-	-	-	108,355,595	7,230,886
-	-	-	-	-	(252,164)
-	-	357,634	-	357,634	-
-	1,400,177	-	-	1,400,177	201,875
-	-	-	366,463	366,463	(106,117)
-	-	100,000	-	100,000	-
-	-	3,129,479	-	3,129,479	(755,095)
-	-	-	-	-	(1,000,000)
-	1,640,000	-	-	1,640,000	-
-	600,000	-	-	600,000	113,034
-	-	-	-	-	(981,303)
<u>\$ 120,701,803</u>	<u>\$ 5,440,177</u>	<u>\$ 12,125,764</u>	<u>\$ 366,463</u>	<u>\$ 138,634,207</u>	<u>\$ 4,129,423</u>

City School District of Mount Vernon, New York

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2021
(With Comparative Totals for 2020)

			Total Non-Major Governmental Funds	
	School Lunch	Special Purpose	2021	2020
ASSETS				
Cash and equivalents	\$ 159,194	\$ 211,546	\$ 370,740	\$ 240,629
State and Federal aid receivable	383,130	-	383,130	145,505
Inventories	2,750	-	2,750	52,972
Total Assets	<u>\$ 545,074</u>	<u>\$ 211,546</u>	<u>\$ 756,620</u>	<u>\$ 439,106</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	\$ 288,179	\$ 25,369	\$ 313,548	\$ -
Accrued liabilities	-	-	-	144,508
Due to other funds	1,315,888	-	1,315,888	280,458
Total Liabilities	<u>1,604,067</u>	<u>25,369</u>	<u>1,629,436</u>	<u>424,966</u>
Fund balances (deficits)				
Nonspendable	2,750	-	2,750	52,972
Restricted	-	186,177	186,177	159,619
Unassigned	(1,061,743)	-	(1,061,743)	(198,451)
Total Fund Balances (Deficits)	<u>(1,058,993)</u>	<u>186,177</u>	<u>(872,816)</u>	<u>14,140</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 545,074</u>	<u>\$ 211,546</u>	<u>\$ 756,620</u>	<u>\$ 439,106</u>

See independent auditors' report.

City School District of Mount Vernon, New York

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2021
(With Comparative Totals for 2020)

	School Lunch	Special Purpose	Total Non-Major Governmental Funds	
			2021	2020
REVENUES				
Use of money and property	\$ 13	\$ 34	\$ 47	\$ 605
Food sales	32,489	-	32,489	19,068
State aid	47,948	-	47,948	127,178
Federal aid	1,629,797	-	1,629,797	3,536,550
Miscellaneous	-	113,483	113,483	165,353
Total Revenues	1,710,247	113,517	1,823,764	3,848,754
EXPENDITURES				
Current				
Cost of food sales	2,623,761	-	2,623,761	4,192,157
Other	-	86,959	86,959	145,731
Total Expenditures	2,623,761	86,959	2,710,720	4,337,888
Excess (Deficiency) of Revenues Over Expenditures	(913,514)	26,558	(886,956)	(489,134)
Other Financing Sources				
Transfers in	-	-	-	567,052
Net Change in Fund Balances	(913,514)	26,558	(886,956)	77,918
FUND BALANCES (DEFICITS)				
Beginning of Year, as reported	(145,479)	159,619	14,140	(143,967)
Cumulative Effect of Change in Accounting Principle	-	-	-	80,189
Beginning of Year, as restated	(145,479)	159,619	14,140	(63,778)
End of Year	<u>\$ (1,058,993)</u>	<u>\$ 186,177</u>	<u>\$ (872,816)</u>	<u>\$ 14,140</u>

See independent auditors' report.

City School District of Mount Vernon, New York

School Lunch Fund
Comparative Balance Sheet
June 30,

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and equivalents	\$ 159,194	\$ 81,010
State and Federal aid receivable	383,130	145,505
Inventories	<u>2,750</u>	<u>52,972</u>
Total Assets	<u>\$ 545,074</u>	<u>\$ 279,487</u>
LIABILITIES AND FUND DEFICIT		
Liabilities		
Accounts payable	\$ 288,179	\$ -
Accrued liabilities	-	144,508
Due to other funds	<u>1,315,888</u>	<u>280,458</u>
Total Liabilities	<u>1,604,067</u>	<u>424,966</u>
Fund balance (deficit)		
Nonspendable	2,750	52,972
Unassigned	<u>(1,061,743)</u>	<u>(198,451)</u>
Total Fund Deficit	<u>(1,058,993)</u>	<u>(145,479)</u>
Total Liabilities and Fund Deficit	<u>\$ 545,074</u>	<u>\$ 279,487</u>

See independent auditors' report.

City School District of Mount Vernon, New York

School Lunch Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	<u>2021</u>	<u>2020</u>
REVENUES		
Use of money and property	\$ 13	\$ 359
Food sales	32,489	19,068
State aid	47,948	127,178
Federal aid	<u>1,629,797</u>	<u>3,536,550</u>
Total Revenues	1,710,247	3,683,155
EXPENDITURES		
Current		
Cost of food sales	<u>2,623,761</u>	<u>4,192,157</u>
Deficiency of Revenues Over Expenditures	(913,514)	(509,002)
OTHER FINANCING SOURCES		
Transfers in	<u>-</u>	<u>567,052</u>
Net Change in Fund Balance	(913,514)	58,050
FUND DEFICIT		
Beginning of Year	<u>(145,479)</u>	<u>(203,529)</u>
End of Year	<u>\$ (1,058,993)</u>	<u>\$ (145,479)</u>

See independent auditors' report.

City School District of Mount Vernon, New York

Special Purpose Fund
Comparative Balance Sheet
June 30,

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and equivalents	<u>\$ 211,546</u>	<u>\$ 159,619</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 25,369	\$ -
Fund Balance		
Restricted	<u>186,177</u>	<u>159,619</u>
Total Liabilities and Fund Balance	<u>\$ 211,546</u>	<u>\$ 159,619</u>

See independent auditors' report.

City School District of Mount Vernon, New York

Special Purpose Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	2021	2020
REVENUES		
Use of money and property	\$ 34	\$ 246
Miscellaneous	113,483	165,353
Total Revenues	113,517	165,599
EXPENDITURES		
Current		
Other	86,959	145,731
Excess of Revenues Over Expenditures	26,558	19,868
FUND BALANCE		
Beginning of Year, as reported	159,619	59,562
Cumulative Effect of Change in Accounting Principle	-	80,189
Beginning of Year, as restated	159,619	139,751
End of Year	\$ 186,177	\$ 159,619

See independent auditors' report.

City School District of Mount Vernon, New York

General Fund
Analysis of Change from Adopted Budget to Final Budget
Year Ended June 30, 2021

Adopted Budget	\$ 259,601,834
Additions - Encumbrances	<u>128,626</u>
Original Budget	259,730,460
Budget Revisions	<u>2,442,293</u>
Final Budget	<u><u>\$ 262,172,753</u></u>

General Fund
Section 1318 of Real Property Tax Law Limit Calculation

2021-22 Expenditure Budget	\$ 259,601,834
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	\$ 4,053,888
Unassigned fund balance	<u>9,310,444</u>
Total Unrestricted Fund Balance	<u>13,364,332</u>
Less	
Appropriated for subsequent year's budget	3,057,620
Encumbrances	<u>996,268</u>
Total Adjustments	<u>4,053,888</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 9,310,444</u></u>
Actual Percentage	<u><u>3.59%</u></u>

See independent auditors' report.

City School District of Mount Vernon, New York

Schedule of Net Investment in Capital Assets
Year Ended June 30, 2021

Capital Assets, net		\$ 258,995,184
Plus		
Unexpended debt proceeds	\$ 7,230,886	
Unamortized portion of loss on refunding bonds	<u>1,209,620</u>	8,440,506
Less		
General obligation bonds payable - Capital construction	(142,440,000)	
Energy performance contract payable	(34,228,019)	
Unamortized portion of issuance premium on bonds	<u>(13,596,008)</u>	<u>(190,264,027)</u>
Net Investment in Capital Assets		<u>\$ 77,171,663</u>

See independent auditors' report.

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**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditors' Report

**The Board of Education of the
City School District of Mount Vernon, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City School District of Mount Vernon, New York ("School District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 11, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

November 11, 2021



**Report on Compliance for Each Major Federal Program and Report
on Internal Control Over Compliance Required by
the Uniform Guidance**

Independent Auditors' Report

**The Board of Education of the
City School District of Mount Vernon, New York**

Report on Compliance for Each Major Federal Program

We have audited the City School District of Mount Vernon, New York's ("School District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2021. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

November 11, 2021

City School District of Mount Vernon, New York

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Sub- Recipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	10.553	N/A	\$ -	\$ 411,840
National School Lunch Program - Commodities	10.555	N/A	-	282,962
National School Lunch Program - Cash	10.555	N/A	-	766,554
Summer Food Service Program for Children	10.559	N/A	-	168,441
Total U.S. Department of Agriculture			-	1,629,797
<u>U.S. Department of Education</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States	84.027	0032-20-1076	-	69,216
Special Education - Grants to States	84.027	0032-21-1076	31,027	2,007,710
Special Education - Preschool Grants	84.173	0033-20-1076	-	7,577
Special Education - Preschool Grants	84.173	0033-21-1076	-	36,639
Subtotal Special Education Cluster			31,027	2,121,142
Title I Grants to Local Educational Agencies	84.010	0011-20-2132	-	1,518
Title I Grants to Local Educational Agencies	84.010	0011-21-2132	-	44,855
Title I Grants to Local Educational Agencies	84.010	0011-19-7170	-	812
Title I Grants to Local Educational Agencies	84.010	0021-20-3740	-	601,020
Title I Grants to Local Educational Agencies	84.010	0021-21-3740	-	2,804,286
Title I Grants to Local Educational Agencies	84.010	0016-20-3740	-	7,420
Title I School Improvement Grant	84.010	0011-21-7519	-	518,008
			-	3,977,919
Education of Homeless Children and Youth	84.196	0212-19-3013	-	684
English Language Acquisition State Grants	84.365	0293-20-3740	-	72,091
English Language Acquisition State Grants	84.365	0293-21-3740	-	32,101
			-	104,192
Supporting Effective Instruction State Grants	84.367	0147-20-3740	-	191
Supporting Effective Instruction State Grants	84.367	0147-21-3740	-	351,223
Supporting Effective Instruction State Grants	84.367	0145-20-1007	-	9,830
Supporting Effective Instruction State Grants	84.367	0145-21-1007	-	45,960
			-	407,204

(Continued)

City School District of Mount Vernon, New York

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2021

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Sub- Recipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Education (Continued)</u>				
Title I School Improvement Grant	84.377	0011-20-5056	\$ -	\$ 1,173
Student Support and Academic Enrichment Program	84.424	0204-20-3740	-	4,637
Student Support and Academic Enrichment Program	84.424	0204-21-3740	-	196,632
			-	201,269
Governor's Emergency Education Relief (GEER) Fund (CARES)	84.425C	5895-21-3740	-	219,183
Elementary and Secondary School Emergency Relief (ESSER) Fund (CARES)	84.425D	5890-21-3740	-	836,589
			-	1,055,772
Total U.S. Department of Education			31,027	7,869,355
Total Expenditures of Federal Awards			\$ 31,027	\$ 9,499,152

N/A - Information not available

The accompanying notes are an integral part of this schedule.

City School District of Mount Vernon, New York

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal grant activity of the City School District of Mount Vernon, New York ("School District") under programs of the federal government for the year ended June 30, 2021. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("*Uniform Guidance*"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 - Indirect Cost Rate

The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

City School District of Mount Vernon, New York

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether
the financial statements audited were prepared
in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

____ Yes X No
____ Yes X None reported

Noncompliance material to financial statements
noted?

____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

____ Yes X No
____ Yes X None reported

Type of auditors' report issued on compliance
for major federal programs

Unmodified

Any audit findings disclosed that are
required to be reported in accordance with
2 CFR 200.516(a)?

____ Yes X No

Identification of major federal programs:

Assistance

Listing Number(s)

Name of Federal Program or Cluster

84.010

Title I Grants to Local Educational Agencies

84.425D

Elementary and Secondary School Emergency
Relief (ESSER) Fund (CARES)

84.425C

Governor's Emergency Education Relief (GEER) Fund (CARES)

Dollar threshold used to distinguish
between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes ____ No

City School District of Mount Vernon, New York

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section II - Financial Statement Findings

None

Section III - Federal Awards Findings and Questioned Costs

None

City School District of Mount Vernon, New York

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

None