

# **City School District of Mount Vernon, New York**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2022



# 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 Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City School District of Mount Vernon, New York ("School District"), as of and for the year ended June 30, 2022, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District, as of June 30, 2022, 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.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

We draw attention to Note 2D 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. 87, "Leases". Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Government 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 Information***

Our audit for the year ended June 30, 2022 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, 2022 are presented for

purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2022 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, 2022.

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, 2021 (not presented herein), and have issued our report thereon dated November 11, 2021 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, 2021 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 related directly to the underlying accounting and other records used to prepare the 2021 financial statements. The information was subjected to the audit procedures applied in the audit of the 2021 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, 2021.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022 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  
December 15, 2022

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# City School District of Mount Vernon, New York

## Management's Discussion and Analysis (MD&A) June 30, 2022

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### 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, 2022. 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 2022 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, 2022, the School District's governmental fund financial statements report a combined ending fund balance of \$18,174,305. This represented a decrease of \$5,924,355 for the year ended June 30, 2022. This change was driven by two factors:
  - There was a decline in the fund balance of the Capital Projects Fund of \$1,594,981. The School District is winding down the \$108,357,500 District-Wide Infrastructure capital project for which \$102,569,316 has been cumulatively expended as of June 30, 2022. The School District expended \$3,205,895 during the 2021-22 fiscal year on this and other projects. The School District recognized no revenues and other financing sources in the Capital Projects Fund 2021-22. The Capital Projects Fund ended the fiscal year with a total fund balance of \$2,534,442. While the total fund balance is positive, certain projects are in a deficit fund balance position, including the Swimming Pool Renovation (\$321,693), Williams Bathroom (\$252,164), AB Davis Library Floor Repair (\$106,117), Smart Schools Bond Act (\$896,986), Graham School Site Improvements (\$1,000,000) and Culinary Arts Project (\$981,303). Funding for these projects will be necessary in future budgets.
  - The fund balance of the General Fund decreased by \$5,629,348. By law, the School District is to be "made whole" by the City of Mount Vernon, New York ("City") on two year old unpaid delinquent property taxes. As of June 30, 2022, the School District should have been made whole on delinquent property taxes from 2019-20 and prior aggregating approximately \$11.7 million. The City is in arrears on this obligation. As a result of not having received these funds from the City, along with uncollected amounts from the 2020-21 and 2021-22 fiscal years aggregating \$13.7 million, the School District has in excess of \$25.4 million in unpaid real property taxes as of June 30, 2022. This amount cannot be reflected as part of fund balance until remitted. The current year's impact on the School District's fund balance was negative (\$6,688,159) and was the primary factor for the decrease in the fund balance of the General Fund from the prior year.
- 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 \$1,009,316 of unassigned fund balance which is 0.38% of the subsequent year's budget. The School District appropriated \$5,500,000 from this portion of fund balance to offset its 2022-23 General Fund projected budgetary imbalance. It is unlikely that a similar amount will be available for use in the 2023-2024 fiscal year.

- On the district-wide financial statements, the liabilities and deferred inflows of resources of the School District exceeded the assets and deferred outflows of resources at the close of the most recent fiscal year by \$228,677,054, a decrease of \$8,659,477 for the year ended June 30, 2022.
- The School District is committed to providing 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, 2022, the School District had liabilities of \$334,926,567 for other postemployment benefits recorded in accordance with the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*” (“OPEB”). However, because of investment gains by the New York State pension plans, the School District also reported \$3,720,131 for its proportionate share of the net pension asset of the New York State and Local Employees’ Retirement System (“ERS”) and \$99,399,903 for its proportionate share of the net pension asset of 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.
- The School District retired \$12,240,000 in outstanding bonded indebtedness. The School District also retired \$2,863,862 in energy performance contract debt outstanding.
- The School District adopted the provisions of GASB Statement No. 87, “*Leases*”, for the year ended June 30, 2022. This statement established a single model for lease accounting based on the concept that leases are a financing of a “right-to-use” underlying asset. This statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset and a lessor to recognize a receivable and a deferred inflow of resources. Accordingly, the School District recognized a net cumulative effect of change in accounting principle of \$-0- to the opening net position, resulting from reflecting both an increase in a right-to-use capital asset of \$4,943,499 and an equal amount for a lease liability. More detailed information about the School District’s lease reporting in accordance with the provisions of GASB Statement No.87 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 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 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 2021-22 fiscal year, the School District's total liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$228,677,054.

#### Net Position

	June 30,	
	2022	2021
Current Assets	\$ 69,386,333	\$ 63,301,769
Net Pension Asset	103,120,034	-
Capital Assets, net	258,678,802	258,995,184
Total Assets	431,185,169	322,296,953
Deferred Outflows of Resources	159,389,016	181,251,085
Current Liabilities	27,566,514	22,399,296
Long-Term Liabilities	516,320,605	657,043,782
Total Liabilities	543,887,119	679,443,078
Deferred Inflows of Resources	275,364,120	61,441,491
Net Position		
Net Investment in Capital Assets	86,401,212	77,171,663
Restricted for		
Capital Projects	306,426	314,909
Unemployment Benefits	11,191	11,177
Debt Service	5,205,917	5,199,504
Workers' Compensation Benefits	36,980	36,934
Special Purposes	187,096	186,177
Tax Certiorari	670,462	1,447,318
Retirement System Contributions	493,508	492,900
Unrestricted	(321,989,846)	(322,197,113)
Total Net Position	\$ (228,677,054)	\$ (237,336,531)

Total assets increased by \$108,888,216. This was primarily driven by an increase in the net pension asset for ERS and TRS of \$103,120,034 due to investment gains by the retirement systems for their fiscal years ended March 31, 2022 for ERS and June 30, 2021 for TRS.

Long-term liabilities decreased by \$140,723,177 from the prior year. The OPEB liability decreased by \$112,514,608 primarily due to an increase in the discount rate. The ERS and TRS net pension liabilities reported in the prior year became net pension assets in the current year due to investment gains by the pension systems, thus reducing long-term liabilities by \$16,722,258. General obligation bonded debt also had a reduction of \$12,240,000 with no new debt issued.

A large 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 \$6,911,580 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 \$321,989,846 primarily a result of the recognition of the OPEB liability. Overall, net position increased by \$8,659,477.

### Changes in Net Position

	June 30,	
	2022	2021
<b>REVENUES</b>		
Program Revenues		
Charges for Services	\$ 800,761	\$ 317,936
Operating Grants and Contributions	21,444,378	13,992,122
Capital Grants and Contributions	6,413	3,246,634
Total Program Revenues	22,251,552	17,556,692
General Revenues		
Real Property Taxes	122,274,326	119,404,146
Other Tax Items	15,341,726	16,988,940
Non-Property Taxes - Utility gross receipts tax	3,329,896	2,978,283
Unrestricted Use of Money and Property	2,947	22,335
Insurance Recoveries	957,772	153,275
Unrestricted State Aid	107,432,955	100,526,261
Miscellaneous	828,124	720,123
Total General Revenues	250,167,746	240,793,363
Total Revenues	272,419,298	258,350,055
<b>PROGRAM EXPENSES</b>		
General Support	35,838,901	35,178,295
Instruction	207,783,236	239,589,435
Pupil Transportation	10,474,781	6,137,834
Cost of Food Sales	4,029,670	2,963,887
Other	231,055	86,959
Interest	5,402,178	5,862,415
Total Expenses	263,759,821	289,818,825
Change in Net Position	8,659,477	(31,468,770)
<b>NET POSITION</b>		
Beginning, as reported	(237,336,531)	(205,964,390)
Cumulative Effect of Change in Accounting Principle	-	96,629
Beginning, as restated	(237,336,531)	(205,867,761)
Ending	\$ (228,677,054)	\$ (237,336,531)

*The following are the major changes in Net Position:*

**Revenues:**

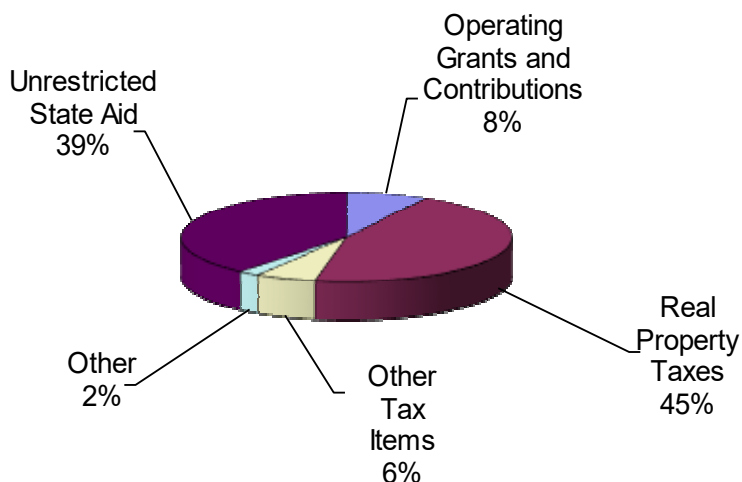
- Real property tax revenues increased by \$2,870,180 (2.40%). This was the result of several factors. While the overall tax levy increased by only \$676,354 (0.5%), there was a further shift in the total tax levy burden borne by New York State through the STAR program. The STAR program was modified 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 \$2,024,300 (12.90%) resulting in an increased local share of the real property tax levy.
- Operating grants and contributions increased by \$7,452,256 primarily from an increase in federal aid received in the current year for the American Rescue Plan ("ARP").
- Unrestricted State aid increased by \$6,906,694 (6.87%) from an increase in basic aid.
- Capital grants and contributions decreased by \$3,240,221. The decrease 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 in 2020-21 in the prior year which did not recur in 2021-22.

**Expenses:**

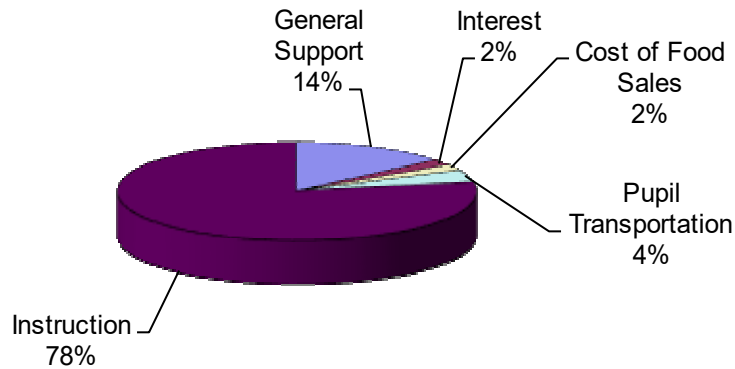
- Instruction expenses decreased by \$31,806,199 (13.28%) in the current year. This was a result of the large decrease in the School Districts OPEB liability due primarily to the increase in the discount rate.

As indicated on the following graphs, the School District relies upon real property taxes and other tax items (51%) and unrestricted State aid (39%) as its primary revenue sources. Instruction accounts for the largest portion, 78%, of expenses.

**Sources of Revenue for Fiscal Year 2022  
Governmental Activities**



### Expenses for Fiscal Year 2022 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 \$18,174,305, a decrease in fund balances of \$5,924,355 from the prior year's combined fund balance of \$24,098,660. Exclusive of the Capital Projects Fund, the combined ending fund balances are \$15,639,863. The total unassigned fund balance at the close of the fiscal year was \$1,009,316.

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 \$6,895,400, exclusive of the Capital Projects Fund) include: tax certiorari of \$670,462; employee benefit accrued liability of \$290,246; retirement system contributions of \$493,508; unemployment benefits of \$11,191; debt service of \$5,205,917; workers' compensation benefits of \$36,980; and special purposes of \$187,096. The amounts assigned (totaling \$7,733,121) include: purchases on order (i.e. encumbrances) of \$1,995,085, amounts assigned for the school lunch fund of \$238,036 and amounts assigned for the subsequent year's budget to provide property tax relief of \$5,500,000.

### 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 \$996,268 to fund prior year encumbrances bringing the original budget to \$260,598,102. From there, the appropriation budget was modified by a total of \$2,392,905 to a total final budget of \$262,991,007. These changes included an appropriation of the fund balance of \$692,088 from the tax certiorari restriction, \$877,976 for grants and \$822,841 for insurance proceeds from Hurricane Ida.

The revenues were less than the revised budget estimate by \$9,367,632. As noted earlier, the shortfall was substantially due to two factors. State aid revenues were \$2,238,764 short of budgetary expectations. Certain reimbursable state aid is based on prior year expenditures. As a result of the COVID-19 pandemic and reduced expenditures in the prior years, a portion of state aid was reduced in the current year. Secondly, as mentioned earlier, uncollected real property taxes negatively impacted the recognition of revenues by \$6,808,159.

Expenditures and other financing uses were less than the final budget by \$9,084,757. Due to staffing shortages resulting in vacancies, certain salary costs and related fringe benefits were not incurred as expected.

### **Capital Assets**

At June 30, 2022, the School District had capital assets of \$258,678,802 net of accumulated depreciation/amortization invested in a broad range of capital assets, including land, improvements other than buildings, buildings and improvements, machinery and equipment, right-to-use leased equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below.

Class	June 30,	
	2022	2021 (restated)
Land	\$ 1,218,501	\$ 1,218,501
Improvements Other than Buildings	885,483	958,229
Buildings and Improvements	229,523,127	237,532,341
Machinery and Equipment	6,339,887	6,259,954
Right-to-Use Leased Equipment	4,829,538	4,943,499
Construction-in-Progress	15,882,266	13,026,159
Total Capital Assets, net of Accumulated depreciation	<u>\$ 258,678,802</u>	<u>\$ 263,938,683</u>

Depreciation/amortization expense exceeded additions to capital assets. As noted earlier, the School District implemented the provisions of GASB Statement No. 87 and as a result recorded its right-to use leased equipment. 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,	
	2022	2021 (restated)
General Obligation Bonds Payable	\$ 143,444,626	\$ 156,836,008
Energy Performance Contract		
Debt Payable	31,364,157	34,228,019
Leases Payable	4,874,326	4,943,499
Compensated Absences	1,710,929	1,816,322
Net Pension Liability - ERS	-	51,638
Net Pension Liability - TRS	-	16,670,620
Other Post Employment		
Benefit Liability	334,926,567	447,441,175
Total	<u>\$ 516,320,605</u>	<u>\$ 661,987,281</u>

The School District, during the 2021-2022 fiscal year, amortized principal by \$11,980,000 for capital construction bonds and by \$260,000 for tax certiorari judgment bonds. Principal payments of \$2,863,862 were made on the energy performance contract debt during the 2021-2022 fiscal year.

The net pension liability for ERS and TRS became net pension assets in the current year due to investment gains by the pension plans.

The OPEB liability, calculated in accordance with the provisions of GASB Statement No. 75, decreased by \$112,514,608 due partly to an increase in the discount rate.

The School District reported its liability for leases for the first time in accordance with the provisions of GASB Statement No. 87.

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, 2022

	Governmental Activities
<b>ASSETS</b>	
Cash and equivalents	\$ 14,312,651
Receivables	
Taxes	25,473,539
Accounts, net	1,204,115
State and Federal aid	17,522,646
Due from other governments	10,871,356
Inventories	2,026
Net pension asset - TRS	99,399,903
Net pension asset - ERS	3,720,131
Capital assets	
Not being depreciated	17,100,767
Being depreciated, net	241,578,035
Total Assets	431,185,169
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding bonds	1,079,240
Pension related	65,236,132
OPEB related	93,073,644
Total Deferred Outflows of Resources	159,389,016
<b>LIABILITIES</b>	
Accounts payable	9,646,760
Accrued liabilities	3,391,917
Employee payroll deductions	14,114
Due to retirement systems	11,049,574
Deposits payable	2,500
Overpayments	358,042
Due to fiduciary fund	102,326
Unearned revenues	1,615,036
Accrued interest payable	1,386,245
Non-current liabilities	
Due within one year	17,510,846
Due in more than one year	498,809,759
Total Liabilities	543,887,119
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related	124,066,575
OPEB related	151,297,545
Total Deferred Inflows of Resources	275,364,120
<b>NET POSITION</b>	
Net investment in capital assets	86,401,212
Restricted	
Capital projects	306,426
Unemployment benefits	11,191
Debt service	5,205,917
Workers' compensation benefits	36,980
Special purposes	187,096
Tax certiorari	670,462
Retirement system contributions	493,508
Unrestricted	(321,989,846)
Total Net Position	\$ (228,677,054)

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, 2022

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	\$ 35,838,901	\$ 155,408	\$ 2,765	\$ -	\$ (35,680,728)
Instruction	207,783,236	644,323	16,264,113	-	(190,874,800)
Pupil transportation	10,474,781	-	-	-	(10,474,781)
Cost of food sales	4,029,670	1,030	4,945,526	-	916,886
Other	231,055	-	231,974	-	919
Interest	5,402,178	-	-	6,413	(5,395,765)
Total Governmental Activities	<u>\$ 263,759,821</u>	<u>\$ 800,761</u>	<u>\$ 21,444,378</u>	<u>\$ 6,413</u>	<u>(241,508,269)</u>
General revenues					
Real property taxes					122,274,326
Other tax items					
School tax relief reimbursement					13,672,791
Interest and penalties on real property taxes					170,820
Payments in lieu of taxes					1,498,115
Non-property taxes					
Utility gross receipts tax					3,329,896
Unrestricted use of money and property					2,947
Insurance recoveries					957,772
Unrestricted State aid					107,432,955
Miscellaneous					828,124
Total General Revenues					<u>250,167,746</u>
Change in Net Position					8,659,477
Net Position - Beginning					<u>(237,336,531)</u>
Net Position - Ending					<u>\$ (228,677,054)</u>

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, 2022

	General	Special Aid	Capital Projects
<b>ASSETS</b>			
Cash and equivalents	\$ 13,011,703	\$ 134,811	\$ 950,024
Receivables			
Taxes	25,473,539	-	-
Accounts, net of allowance for uncollectible amounts	1,204,115	-	-
State and Federal aid	10,654,923	5,666,088	-
Due from other governments	10,871,356	-	-
Due from other funds	4,660,691	509,867	1,866,351
Inventories	-	-	-
Total Assets	<u>\$ 65,876,327</u>	<u>\$ 6,310,766</u>	<u>\$ 2,816,375</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 8,361,388	\$ 369,991	\$ 281,933
Accrued liabilities	3,367,703	-	-
Employee payroll deductions	14,114	-	-
Due to other funds	2,376,216	4,325,739	-
Due to retirement systems	11,049,574	-	-
Deposits payable	2,500	-	-
Overpayments	358,042	-	-
Due to fiduciary fund	102,326	-	-
Unearned revenues	-	1,615,036	-
Total Liabilities	25,631,863	6,310,766	281,933
Deferred inflows of resources			
Deferred tax revenues	25,031,759	-	-
Total Liabilities and Deferred Inflows of Resources	<u>50,663,622</u>	<u>6,310,766</u>	<u>281,933</u>
Fund balances			
Nonspendable	-	-	-
Restricted	6,708,304	-	2,534,442
Assigned	7,495,085	-	-
Unassigned	1,009,316	-	-
Total Fund Balances	<u>15,212,705</u>	<u>-</u>	<u>2,534,442</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 65,876,327</u>	<u>\$ 6,310,766</u>	<u>\$ 2,816,375</u>

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

Non-Major Governmental	Total Governmental Funds
\$ 216,113	\$ 14,312,651
-	25,473,539
-	1,204,115
1,201,635	17,522,646
-	10,871,356
1,000,000	8,036,909
2,026	2,026
<u>\$ 2,419,774</u>	<u>\$ 77,423,242</u>

\$ 633,448	\$ 9,646,760
24,214	3,391,917
-	14,114
1,334,954	8,036,909
-	11,049,574
-	2,500
-	358,042
-	102,326
-	1,615,036
1,992,616	34,217,178
-	25,031,759

<u>1,992,616</u>	<u>59,248,937</u>
------------------	-------------------

2,026	2,026
187,096	9,429,842
238,036	7,733,121
-	1,009,316
427,158	18,174,305

<u>\$ 2,419,774</u>	<u>\$ 77,423,242</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, 2022

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

Fund Balances - Total Governmental Funds	\$ 18,174,305
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	17,100,767
Capital assets - depreciable/amortizable	364,793,477
Accumulated depreciation/amortization	(123,215,442)
	<u>258,678,802</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	65,236,132
Deferred outflows - OPEB related	93,073,644
Deferred inflows - pension related	(124,066,575)
Deferred inflows - OPEB related	(151,297,545)
	<u>(117,054,344)</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are either deferred or not reported in the funds.	
Net pension asset - TRS	99,399,903
Net pension asset - ERS	3,720,131
	<u>103,120,034</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	25,031,759
	<u>25,031,759</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	(1,386,245)
General obligation bonds payable	(131,000,000)
Energy performance contract debt	(31,364,157)
Leases payable	(4,874,326)
Compensated absences	(1,710,929)
Total OPEB liability	(334,926,567)
	<u>(505,262,224)</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	1,079,240
Premium on general obligation bonds	(12,444,626)
	<u>(11,365,386)</u>
Net Position of Governmental Activities	<u>\$ (228,677,054)</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, 2022

	General	Special Aid	Capital Projects
<b>REVENUES</b>			
Real property taxes	\$ 115,586,167	\$ -	\$ -
Other tax items	15,341,726	-	-
Non-property taxes	3,329,896	-	-
Charges for services	644,323	-	-
Use of money and property	133,073	-	-
Sale of property and compensation for loss	992,232	-	-
Interfund revenues	213,028	-	-
Food sales	-	-	-
State aid	108,867,702	5,083,032	-
Federal aid	345,546	8,595,354	-
Miscellaneous	828,124	805,434	-
Total Revenues	<u>246,281,817</u>	<u>14,483,820</u>	<u>-</u>
<b>EXPENDITURES</b>			
Current			
General support	31,217,423	-	-
Instruction	136,233,105	15,740,322	-
Pupil transportation	10,394,656	-	-
Employee benefits	49,448,808	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	16,783,949	-	-
Interest	6,576,722	-	-
Capital outlay	-	-	3,205,895
Total Expenditures	<u>250,654,663</u>	<u>15,740,322</u>	<u>3,205,895</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,372,846)</u>	<u>(1,256,502)</u>	<u>(3,205,895)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Leases issued	-	-	1,610,914
Transfers in	-	1,256,502	-
Transfers out	<u>(1,256,502)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,256,502)</u>	<u>1,256,502</u>	<u>1,610,914</u>
Net Change in Fund Balances	<u>(5,629,348)</u>	<u>-</u>	<u>(1,594,981)</u>
<b>FUND BALANCES (DEFICITS)</b>			
Beginning of Year	<u>20,842,053</u>	<u>-</u>	<u>4,129,423</u>
End of Year	<u>\$ 15,212,705</u>	<u>\$ -</u>	<u>\$ 2,534,442</u>

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

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 115,586,167
-	15,341,726
-	3,329,896
-	644,323
130	133,203
-	992,232
-	213,028
1,030	1,030
92,280	114,043,014
4,853,244	13,794,144
231,846	1,865,404
<u>5,178,530</u>	<u>265,944,167</u>
-	31,217,423
-	151,973,427
-	10,394,656
-	49,448,808
3,647,501	3,647,501
231,055	231,055
-	16,783,949
-	6,576,722
-	3,205,895
<u>3,878,556</u>	<u>273,479,436</u>
<u>1,299,974</u>	<u>(7,535,269)</u>
-	1,610,914
-	1,256,502
-	(1,256,502)
-	1,610,914
1,299,974	(5,924,355)
<u>(872,816)</u>	<u>24,098,660</u>
<u>\$ 427,158</u>	<u>\$ 18,174,305</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, 2022

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (5,924,355)</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/amortization expense.	
Capital outlay expenditures	6,065,285
Depreciation/amortization expense	<u>(11,325,166)</u>
	<u>(5,259,881)</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>6,688,159</u>
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.	
Leases issued	(1,610,914)
Principal paid on general obligation bonds	12,240,000
Principal paid on leases	1,680,087
Principal paid on energy performance contract	<u>2,863,862</u>
	<u>15,173,035</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	105,393
Changes in pension liabilities and related deferred outflows and inflows of resources	16,897,039
Accrued interest	153,542
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(20,194,457)
Amortization of premium and loss on refunding bonds	<u>1,021,002</u>
	<u>(2,017,481)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 8,659,477</u></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 Balance - Budget and Actual  
General Fund  
Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Real property taxes	\$ 122,394,326	\$ 122,394,326	\$ 115,586,167	\$ (6,808,159)
Other tax items	15,972,791	15,972,791	15,341,726	(631,065)
Non-property taxes	2,800,000	2,800,000	3,329,896	529,896
Charges for services	1,238,000	1,238,000	644,323	(593,677)
Use of money and property	150,000	150,000	133,073	(16,927)
Sale of property and compensation for loss	125,000	947,841	992,232	44,391
Interfund revenues	220,000	220,000	213,028	(6,972)
State aid	111,106,466	111,106,466	108,867,702	(2,238,764)
Federal aid	65,000	65,000	345,546	280,546
Miscellaneous	755,025	755,025	828,124	73,099
Total Revenues	254,826,608	255,649,449	246,281,817	(9,367,632)
<b>EXPENDITURES</b>				
Current				
General support	30,264,599	34,064,113	31,217,423	2,846,690
Instruction	140,579,424	144,156,704	136,233,105	7,923,599
Pupil transportation	10,686,912	10,544,486	10,394,656	149,830
Employee benefits	52,461,497	49,608,531	49,448,808	159,723
Debt service				
Principal	16,783,949	16,783,949	16,783,949	-
Interest	6,576,721	6,576,722	6,576,722	-
Total Expenditures	257,353,102	261,734,505	250,654,663	11,079,842
Deficiency of Revenues Over Expenditures	(2,526,494)	(6,085,056)	(4,372,846)	1,712,210
<b>OTHER FINANCING USES</b>				
Transfers out	(3,245,000)	(1,256,502)	(1,256,502)	-
Net Change in Fund Balance	(5,771,494)	(7,341,558)	(5,629,348)	1,712,210
<b>FUND BALANCE</b>				
Beginning of Year	5,771,494	7,341,558	20,842,053	13,500,495
End of Year	\$ -	\$ -	\$ 15,212,705	\$ 15,212,705

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

City School District of Mount Vernon, New York

Statement of Fiduciary Net Position  
Fiduciary Fund  
June 30, 2022

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	Custodial Fund
<b>ASSETS</b>	
Due from other funds	<u>\$ 102,326</u>
<b>LIABILITIES</b>	
Due to other governments	<u>\$ 102,326</u>

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  
June 30, 2022

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

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

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**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

**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 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

**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, 2022.

**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. Effective with the 2020-21 fiscal year, the School District is responsible for the billing and collection of its real property taxes. Prior to this time, the City of Mount Vernon, New York ("City") was responsible for the billing and collection of the School District's real property taxes. On or after February 20th, the School District will submit a statement of unpaid taxes to the City for fiscal years 2020-21 and later. 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, 2022, 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

**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 are tangible and intangible assets, which include property, plant and equipment, and 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 (except intangible right-to-use lease assets, which is discussed in note 3E) 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. Intangible assets follow the same capitalization policies as tangible assets and are reported with tangible assets in the appropriate capital asset class.

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

Land and construction-in-progress are not depreciated. The other tangible and intangible property, plant and equipment and right-to-use leased assets of the 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
Right-to-Use Leased Equipment	5

The costs associated with the acquisition or construction of tangible and intangible 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 \$1,615,036 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 assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

The 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 \$25,031,759 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.

**Leases** - The School District is a lessee for noncancellable leases of equipment. The School District recognizes a lease liability and an intangible right-to-use lease asset ("lease asset") in the district-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

**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.

*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.



**Note 1 - Summary of Significant Accounting Policies (Continued)**

*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.

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.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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 December 15, 2022.

**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.

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

- 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.

**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").

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

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. Cumulative Effect of Change in Accounting Principle**

The School District implemented the provisions of GASB Statement No. 87, "Leases," for the year ended June 30, 2022, which established a single model for lease accounting based on the concept that leases are a financing of a "right-to-use" underlying asset. This statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset. As a result, the School District has reported a cumulative effect of change in accounting principle of \$4,943,499 for the right-to-use asset and a (\$4,943,499) liability for lease payable for a net cumulative effect of \$0 to the July 1, 2021 net position of governmental activities.

**E. 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 (\$896,986), 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.

**F. Expenditures in Excess of Budget**

The following category of expenditure exceeded its budgetary provision by the amount indicated:

General Fund -	
Special Items -	
Tax certiorari claims	\$ 776,856

**City School District of Mount Vernon, New York**

Notes to Financial Statements (Continued)  
 June 30, 2022

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**Note 3 - Detailed Notes on All Funds****A. Taxes Receivable**

Taxes receivable at June 30, 2022 consisted of the following:

Current year	\$ 7,786,038
Prior years	<u>17,687,501</u>
	<u>\$ 25,473,539</u>

Taxes receivable in the fund financial statements are partially offset by deferred tax revenues of \$25,031,759, which represents the taxes receivable which were not collected within the first sixty days of the subsequent year.

**B. Interfund Receivables/Payables**

The composition of due from/to other funds at June 30, 2022 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 4,660,691	\$ 2,376,216
Special Aid	509,867	4,325,739
Capital Projects	1,866,351	-
Non-Major Governmental	<u>1,000,000</u>	<u>1,334,954</u>
	<u>\$ 8,036,909</u>	<u>\$ 8,036,909</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, 2021 as restated*</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
Capital Assets, not being depreciated:				
Land	\$ 1,218,501	\$ -	\$ -	\$ 1,218,501
Construction-in-progress	<u>13,026,159</u>	<u>4,662,187</u>	<u>1,806,080</u>	<u>15,882,266</u>
Total Capital Assets, not being depreciated	<u>\$ 14,244,660</u>	<u>\$ 4,662,187</u>	<u>\$ 1,806,080</u>	<u>\$ 17,100,767</u>

# City School District of Mount Vernon, New York

## Notes to Financial Statements (Continued)

June 30, 2022

### Note 3 - Detailed Notes on All Funds (Continued)

Class	Balance July 1, 2021 as restated*	Additions	Deletions	Balance June 30, 2022
Capital Assets, being depreciated/amortized:				
Improvements Other Than Buildings	\$ 2,680,767	\$ -	\$ -	\$ 2,680,767
Buildings and Improvements	332,824,523	-	-	332,824,523
Machinery and Equipment	21,135,510	1,598,264	-	22,733,774
Right-to-use leased equipment	4,943,499	1,610,914	-	6,554,413
Total Capital Assets, being depreciated/amortized	361,584,299	3,209,178	-	364,793,477
Less Accumulated Depreciation/Amortization for:				
Improvements Other Than Buildings	1,722,538	72,746	-	1,795,284
Buildings and Improvements	95,292,182	8,009,214	-	103,301,396
Machinery and Equipment	14,875,556	1,518,331	-	16,393,887
Right-to-use leased equipment	-	1,724,875	-	1,724,875
Total Accumulated Depreciation/Amortization	111,890,276	11,325,166	-	123,215,442
Total Capital Assets, being depreciated/amortized, net	\$ 249,694,023	\$ (8,115,988)	\$ -	\$ 241,578,035
Capital Assets, net	\$ 263,938,683	\$ (3,453,801)	\$ 1,806,080	\$ 258,678,802

\*See Note 2D.

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

General Support	\$ 72,746
Instruction	11,072,985
Transportation	32,263
Cost of Food Sales	147,172
Total Depreciation/Amortization Expense	<u>\$ 11,325,166</u>

#### D. Accrued Liabilities

Accrued liabilities at June 30, 2022 were as follows:

	General Fund
Payroll and Employee Benefits	\$ 226,180
Other	3,165,737
	<u>\$ 3,391,917</u>

# City School District of Mount Vernon, New York

## Notes to Financial Statements (Continued)

June 30, 2022

### Note 3 - Detailed Notes on All Funds (Continued)

#### E. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2022:

	Balance July 1, 2021 as restated*	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2022	Due Within One-Year
General Obligation Bonds Payable:					
Judgments and Claims	\$ 800,000	\$ -	\$ 260,000	\$ 540,000	\$ 265,000
Capital Construction	142,440,000	-	11,980,000	130,460,000	12,390,000
	143,240,000	-	12,240,000	131,000,000	12,655,000
Plus - Unamortized premium on bonds	13,596,008	-	1,151,382	12,444,626	-
	156,836,008	-	13,391,382	143,444,626	12,655,000
Energy Performance Contract Debt Payable	34,228,019	-	2,863,862	31,364,157	2,942,207
Leases payable	4,943,499	1,610,914	1,680,087	4,874,326	1,742,639
Other Non-current Liabilities:					
Compensated Absences	1,816,322	-	105,393	1,710,929	171,000
Net Pension Liability - ERS	51,638	-	51,638	-	-
Net Pension Liability - TRS	16,670,620	-	16,670,620	-	-
Other Postemployment Benefit Liability	447,441,175	-	112,514,608	334,926,567	-
Total Other Non-current Liabilities	465,979,755	-	129,342,259	336,637,496	171,000
Total Long-Term Liabilities	\$ 661,987,281	\$ 1,610,914	\$ 147,277,590	\$ 516,320,605	\$ 17,510,846

\*See Note 2D.

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

#### General Obligation Bonds Payable

General obligations bonds payable at June 30, 2022 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2022
District-wide Improvements	2011	\$ 3,100,000	August, 2022	3.250 %	\$ 335,000
Refunding Bonds	2012	24,640,000	August, 2031	3.500 - 5.000	3,430,000
District-wide Improvements	2012	1,570,000	August, 2027	2.500 - 3.000	715,000
Tax Certiorari Judgments	2014	2,500,000	March, 2024	2.750 - 3.000	540,000
Refunding Bonds	2014	39,655,000	September, 2035	3.375 - 5.000	22,245,000
Refunding Bonds	2015	15,990,000	July, 2027	2.250 - 5.000	9,030,000
District-wide EXCEL Project	2015	9,665,000	August, 2030	2.375 - 5.000	6,400,000
District-wide Improvements	2017	50,070,000	August, 2032	3.000 - 5.000	38,965,000
District-wide Improvements	2018	32,000,000	December, 2033	4.000 - 5.000	28,220,000
District-wide Improvements	2019	22,275,000	December, 2034	2.375 - 5.000	21,120,000
					<u>\$ 131,000,000</u>

**City School District of Mount Vernon, New York**

Notes to Financial Statements (Continued)  
June 30, 2022

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**Note 3 - Detailed Notes on All Funds (Continued)**

Interest expenditures of \$5,551,891 were recorded in the fund financial statements in the General Fund. Interest expense of \$4,383,832 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, 2022 was \$31,364,157.

Interest expenditures of \$910,337 were recorded in the fund financial statements in the General Fund. Interest expense of \$903,852 was recorded in the district-wide financial statements.

**Leases Payable**

Leases payable at June 30, 2022 are comprised of the following individual agreements:

<u>Purpose</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount Outstanding at June 30, 2022</u>
Equipment	\$ 1,197,727	2023	2.54 %	\$ 84,662
Equipment	2,194,449	2024	3.92	703,980
Equipment	2,199,767	2025	2.22	1,056,946
Equipment	2,057,392	2026	1.82	1,426,010
Equipment	142,323	2026	2.99	110,989
Equipment	41,398	2027	0.00	36,568
Equipment	796,648	2027	1.25	706,249
Equipment	772,868	2027	2.99	748,922
				<u>\$ 4,874,326</u>

Interest expenditures/expense of \$114,494 were recorded in the fund financial statements in the General Fund and in the district-wide financial statements.



# City School District of Mount Vernon, New York

Notes to Financial Statements (Continued)

June 30, 2022

## Note 3 - Detailed Notes on All Funds (Continued)

### Payments to Maturity

The annual requirements to amortize all outstanding bonded, energy performance contract debt and leases as of June 30, 2022, including interest payments of \$32,109,237 are as follows:

Year Ending June 30,	General Obligation Bonds Payable		Energy Performance Contract	
	Principal	Interest	Principal	Interest
2023	\$ 12,655,000	\$ 4,992,370	\$ 2,942,207	\$ 831,992
2024	12,120,000	4,400,082	3,022,700	751,499
2025	11,945,000	3,834,647	3,105,399	668,800
2026	11,725,000	3,310,319	3,190,365	583,834
2027	11,820,000	2,804,410	3,277,661	496,538
2028-2032	54,705,000	7,594,948	15,825,825	1,100,513
2033-2036	16,030,000	559,309	-	-
	<u>\$ 131,000,000</u>	<u>\$ 27,496,085</u>	<u>\$ 31,364,157</u>	<u>\$ 4,433,176</u>

Year Ending June 30,	Leases		Total	
	Principal	Interest	Principal	Interest
2023	\$ 1,742,639	\$ 92,528	\$ 17,339,846	\$ 5,916,890
2024	1,457,271	50,776	16,599,971	5,202,357
2025	931,123	24,760	15,981,522	4,528,207
2026	534,584	9,814	15,449,949	3,903,967
2027	208,709	2,098	15,306,370	3,303,046
2028-2032	-	-	70,530,825	8,695,461
2033-2036	-	-	16,030,000	559,309
	<u>\$ 4,874,326</u>	<u>\$ 179,976</u>	<u>\$ 167,238,483</u>	<u>\$ 32,109,237</u>

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.

**Note 3 - Detailed Notes on All Funds (Continued)**

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](http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php) or obtained 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](http://www.nystsr.org) or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

# City School District of Mount Vernon, New York

Notes to Financial Statements (Continued)

June 30, 2022

## Note 3 - Detailed Notes on All Funds (Continued)

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 2022 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I	25.2 %
	3 A14	18.3
	4 A15	18.3
	5 A15	15.3
	6 A15	10.7
TRS	1-6	9.8%

At June 30, 2022, the School District reported the following for its proportionate share of the net pension asset for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2022	June 30, 2021
Net pension asset	\$ (3,720,131)	\$ (99,399,903)
School Districts' proportion of the net pension asset	0.0455085 %	0.573603 %
Change in proportion since the prior measurement date	(0.0063507) %	(0.029690) %

The net pension asset was measured as of March 31, 2022 for ERS and June 30, 2021 for TRS and the total pension liability used to calculate the net pension asset were determined by actuarial valuations as of those dates. The School District's proportion of the net pension asset 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 asset 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, 2022, the School District recognized pension expense in the district-wide financial statements of (\$5,079,348) (\$286,875 for ERS and (\$5,366,223) for TRS). Pension expenditures for ERS of \$2,129,848, \$58,398 and \$95,286 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 \$8,896,861 and \$637,298 were reported in the fund financial statements and were charged to the General and Special Aid funds, respectively.

# City School District of Mount Vernon, New York

## Notes to Financial Statements (Continued)

June 30, 2022

### Note 3 - Detailed Notes on All Funds (Continued)

At June 30, 2022, 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	\$ 281,731	\$ 365,421	\$ 13,701,222	\$ 516,425
Changes of assumptions	6,208,481	104,761	32,694,706	5,789,751
Net difference between projected and actual earnings on pension plan investments	-	12,181,870	-	104,032,283
Changes in proportion and differences between School District contributions and proportionate share of contributions	690,923	693,883	1,834,771	382,181
School District contributions subsequent to the measurement date	446,317	-	9,377,981	-
	<u>\$ 7,627,452</u>	<u>\$ 13,345,935</u>	<u>\$ 57,608,680</u>	<u>\$ 110,720,640</u>
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 13,982,953	\$ 881,846		
Changes of assumptions	38,903,187	5,894,512		
Net difference between projected and actual earnings on pension plan investments	-	116,214,153		
Changes in proportion and differences between School District contributions and proportionate share of contributions	2,525,694	1,076,064		
School District contributions subsequent to the measurement date	9,824,298	-		
	<u>\$ 65,236,132</u>	<u>\$ 124,066,575</u>		

\$446,317 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 an increase of the net pension asset in the plan's year ended March 31, 2023. The \$9,377,981 reported as deferred outflows of resources related to TRS will be recognized as an increase of the net pension asset in the plan's year ended June 30, 2022. Other amounts reported as deferred 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,	June 30,
	ERS	TRS
2022	\$ -	\$ (12,656,539)
2023	(883,425)	(14,903,086)
2024	(1,363,158)	(18,692,921)
2025	(3,211,655)	(24,729,329)
2026	(706,562)	5,039,061
Thereafter	-	3,452,873
	<u>\$ (6,164,800)</u>	<u>\$ (62,489,941)</u>

**Note 3 - Detailed Notes on All Funds (Continued)**

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, 2022	June 30, 2021
Actuarial valuation date	April 1, 2021	June 30, 2020
Investment rate of return	5.9% *	6.95% *
Salary scale	4.4%	1.95%-5.18%
Inflation rate	2.7%	2.4%
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-2020, 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, 2015 to June 30, 2020.

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 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.

**City School District of Mount Vernon, New York**

Notes to Financial Statements (Continued)

June 30, 2022

**Note 3 - Detailed Notes on All Funds (Continued)**

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, 2022		TRS June 30, 2021	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32 %	3.30 %	33 %	6.8 %
International Equity	15	5.85	16	7.6
Private Equity	10	6.50	8	10.0
Real Estate	9	5.00	11	6.5
Domestic Fixed Income Securities	-	-	16	1.3
Global Bonds	-	-	2	0.8
High Yield Bonds	-	-	1	3.8
Global Equities	-	-	4	7.1
Private Debt	-	-	1	5.9
Real Estate Debt	-	-	7	3.3
Opportunistic/ARS Portfolio	3	4.10	-	-
Credit	4	3.78	-	-
Real Assets	3	5.80	-	-
Fixed Income	23	-	-	-
Cash	1	(1.00)	1	(0.2)
	<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 2.4% for TRS.

The discount rate used to calculate the total pension liability was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and 6.95% 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 5.95% for TRS) or 1 percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

# City School District of Mount Vernon, New York

Notes to Financial Statements (Continued)

June 30, 2022

## **Note 3 - Detailed Notes on All Funds (Continued)**

	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>\$ 9,575,576</u>	<u>\$ (3,720,131)</u>	<u>\$ (14,841,348)</u>
	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
School District's proportionate share of the TRS net pension asset	<u>\$ (10,430,570)</u>	<u>\$ (99,399,903)</u>	<u>\$ (174,172,171)</u>

The components of the collective net pension asset as of the March 31, 2022 ERS measurement date and the June 30, 2021 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	\$ 223,874,888,000	\$ 130,819,415,417
Fiduciary net position	<u>232,049,473,000</u>	<u>148,148,457,363</u>
Employers' net pension asset	<u>\$ (8,174,585,000)</u>	<u>\$ (17,329,041,946)</u>
Fiduciary net position as a percentage of total pension liability	<u>103.65%</u>	<u>113.25%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period April 1, 2022 through June 30, 2022 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, 2022 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, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 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, 2022 were \$446,317 to ERS and \$10,603,257 to TRS (including employee contributions of \$1,225,276).

### *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

**Note 3 - Detailed Notes on All Funds (Continued)**

this program were \$41,944 for the year ended June 30, 2022 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, 2022, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	803
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>1,275</u>
	<u><u>2,078</u></u>

The School District's total OPEB liability of \$334,926,567 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021.

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.90% – 10.0%, average, including inflation
Discount rate	3.54%
Healthcare cost trend rates	Medical and prescription drug – 6.00% for 2023, decreasing to an ultimate rate of 4.04% by 2075. Medicare Part B – 6.73% for 2022, decreasing to an ultimate rate of 4.04% by 2075.
Retirees' share of benefit-related costs	Varies from 15% to 50%, depending on coverage, applicable retirement year and bargaining unit.

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-2021 for ERS and TRS participants.



**City School District of Mount Vernon, New York**

Notes to Financial Statements (Continued)

June 30, 2022

**Note 3 - Detailed Notes on All Funds (Continued)**

The School District's change in the total OPEB liability for the year ended June 30, 2022 is as follows:

Total OPEB Liability - Beginning of Year	\$ 447,441,175
Service cost	22,463,405
Interest	10,070,257
Changes of benefit terms	(144,256)
Differences between expected and actual experience	(33,100,333)
Changes in assumptions or other inputs	(104,386,117)
Benefit payments	<u>(7,417,564)</u>
Total OPEB Liability - End of Year	<u>\$ 334,926,567</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 (2.54%) or 1 percentage point higher (4.54%) than the current discount rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	<u>\$ 401,092,953</u>	<u>\$ 334,926,567</u>	<u>\$ 282,869,107</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 (5.0% decreasing to 3.04%) or 1 percentage point higher (7.0% decreasing to 5.04%) than the current healthcare cost trend rates:

	1% Decrease (5.0% decreasing to 3.04%)	Current Healthcare Cost Trend Rates (6.0% decreasing to 4.04%)	1% Increase (7.0% decreasing to 5.04%)
Total OPEB Liability	<u>\$ 274,164,427</u>	<u>\$ 334,926,567</u>	<u>\$ 415,437,239</u>

For the year ended June 30, 2022, the School District recognized OPEB expense of \$27,612,021 in the district-wide financial statements. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**City School District of Mount Vernon, New York**

Notes to Financial Statements (Continued)  
 June 30, 2022

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**Note 3 - Detailed Notes on All Funds (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 93,073,644	\$ 97,579,917
Differences between expected and actual experience	<u>-</u>	<u>53,717,628</u>
	<u><u>\$ 93,073,644</u></u>	<u><u>\$ 151,297,545</u></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,	
2023	\$ (4,777,385)
2024	(4,777,385)
2025	(4,777,385)
2026	(4,407,606)
2027	(3,619,299)
Thereafter	<u>(35,864,841)</u>
	<u><u>\$ (58,223,901)</u></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.

	<u>Transfers In</u>
<u>Transfers Out</u>	Special Aid Fund
General Fund	<u><u>\$ 1,256,502</u></u>

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

**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/amortization 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 has been established to set aside funds to be used for extraclassroom activities and other purposes 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, 2022

## Note 3 - Detailed Notes on All Funds (Continued)

### H. Fund Balances

	2022				2021			
	General Fund	Capital Projects Fund	Non-Major Governmental	Total	General Fund	Capital Projects Fund	Non-Major Governmental	Total
Nonspendable - Inventories	\$ -	\$ -	\$ 2,026	\$ 2,026	\$ -	\$ -	\$ 2,750	\$ 2,750
Restricted:								
Tax certiorari	670,462	-	-	670,462	1,447,318	-	-	1,447,318
Employee benefit accrued liability	200,246	-	-	200,246	289,888	-	-	289,888
Employee benefit accrued liability - for subsequent year's expenditures	90,000	-	-	90,000	-	-	-	-
Retirement system contributions	333,508	-	-	333,508	492,900	-	-	492,900
Retirement system contributions - for subsequent year's expenditures	160,000	-	-	160,000	-	-	-	-
Unemployment benefits	11,191	-	-	11,191	11,177	-	-	11,177
Debt service	4,175,917	-	-	4,175,917	3,481,898	-	-	3,481,898
Debt service - for subsequent year's expenditures	1,030,000	-	-	1,030,000	1,717,606	-	-	1,717,606
Workers' compensation benefits	24,980	-	-	24,980	36,934	-	-	36,934
Workers' compensation benefits - for subsequent year's expenditures	12,000	-	-	12,000	-	-	-	-
Capital projects	-	2,534,442	-	2,534,442	-	4,129,423	-	4,129,423
Special purposes - extraclassroom activities	-	-	90,132	90,132	-	-	86,748	86,748
Special purposes - other	-	-	96,964	96,964	-	-	99,429	99,429
Total Restricted	6,708,304	2,534,442	187,096	9,429,842	7,477,721	4,129,423	186,177	11,793,321
Assigned:								
Purchases on order:								
General government support	1,815,795	-	-	1,815,795	631,090	-	-	631,090
Instruction	179,290	-	-	179,290	363,569	-	-	363,569
Transportation	-	-	-	-	1,609	-	-	1,609
	1,995,085	-	-	1,995,085	996,268	-	-	996,268
Subsequent year's expenditures	5,500,000	-	-	5,500,000	3,057,620	-	-	3,057,620
School Lunch Fund	-	-	238,036	238,036	-	-	-	-
Total Assigned	7,495,085	-	238,036	7,733,121	4,053,888	-	-	4,053,888
Unassigned	1,009,316	-	-	1,009,316	9,310,444	-	(1,061,743)	8,248,701
Total Fund Balances (Deficits)	\$ 15,212,705	\$ 2,534,442	\$ 427,158	\$ 18,174,305	\$ 20,842,053	\$ 4,129,423	\$ (872,816)	\$ 24,098,660

**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.

Assigned for School Lunch Fund represents the component of fund balance that reports the difference between assets and liabilities in the School Lunch Fund.

Subsequent year's expenditures represent that at June 30, 2022, the Board of Education has utilized the above amounts to be appropriated for the ensuing year's budget.

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

**Note 4 - Summary Disclosure of Significant Contingencies**

**A. Litigation**

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.

**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 \$5 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](mailto:foilida@cmvny.com).

# City School District of Mount Vernon, New York

## Notes to Financial Statements (Concluded)

June 30, 2022

### **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, 2022 is as follows:

Start Date	Agreement	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Received	Taxes Abated
Apr-18	22 South West Street	\$ 355,760	\$ 923.71	\$ 320,924	\$ 99,388	\$ 221,536
Nov-14	203 Gramatan Ave/ Blue Rio, LLC Project	418,641	923.71	377,648	55,092	322,556
Dec-14	130 Modern LLC/Macquesten - COMMERCIAL	190,000	923.71	171,395	47,283	124,112
Apr-18	Ace Natural, Inc./Exit 8 Hutch LLC Natural Food	130,615	923.71	117,825	71,795	46,030
Apr-16	Dominican Magic	52,583	923.71	47,434	33,364	14,070
Sep-17	Enclave at Fleetwood	163,829	923.71	147,787	122,517	25,270
Aug-13	Enclave on 5th Housing Development Fund Company, I	94,300	923.71	85,066	25,644	59,422
May-04	Grace Plaza LLC	30,000	923.71	27,062	35,523	(8,461)
Sep-14	Grace Terrace LLC	125,404	923.71	113,124	39,323	73,801
Dec-07	Grace Towers Housing II LLC	198,100	923.71	178,702	146,851	31,851
Jun-05	Heritage House North (aka Mount Vernon North)	250,000	923.71	225,520	63,626	161,894
Jun-05	Heritage House South (aka Mount Vernon South)	1,000,000	923.71	902,080	143,709	758,371
NA	Oakwood Gardens	182,720	923.71	164,828	45,461	119,367
Sep-17	Warren Place LLC & American Christmas, Inc.	115,000	923.71	103,739	39,050	64,689
Jul-16	Regent Hospitality Linen Services	27,750	923.71	25,033	31,573	(6,540)
2001	Target	500,000	923.71	451,040	185,445	265,595
Apr-14	Zion Court Apartments LP - COMMERCIAL	96,000	923.71	86,600	20,928	65,672
Nov-03	Kings Court	10,500	923.71	9,472	12,278	(2,806)
Nov-03	Macedonia Towers	38,800	923.71	35,001	37,810	(2,809)
NA	Sanford Terrace	N/A	N/A	N/A	18,981	N/A
NA	Ebony Gardens Project	311,650	923.71	281,133	104,518	176,615
NA	Petrillo Apartments	448,000	923.71	404,132	117,956	286,176
		<u>\$ 4,739,652</u>		<u>\$ 4,275,545</u>	<u>\$ 1,498,115</u>	<u>\$ 2,796,411</u>

### **Note 6 - Recently Issued GASB Pronouncements**

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

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)

	2022	2021	2020	2019	2018
Total OPEB Liability:					
Service cost	\$ 22,463,405	\$ 22,026,833	\$ 11,514,132	\$ 9,918,175	\$ 10,448,279
Interest	10,070,257	10,013,850	11,248,376	11,059,672	10,048,251
Changes of benefit terms	(144,256)	-	-	-	-
Differences between expected and actual experience	(33,100,333)	(16,310,759)	(20,034,830) (4)	-	-
Changes of assumptions or other inputs	(104,386,117) (5)	4,364,895	126,774,298	19,414,768	(14,506,870)
Benefit payments	(7,417,564)	(7,443,746)	(7,265,951)	(7,330,409)	(7,175,202)
Net Change in Total OPEB Liability	(112,514,608)	12,651,073	122,236,025	33,062,206	(1,185,542)
Total OPEB Liability – Beginning of Year	447,441,175	434,790,102	312,554,077	279,491,871	280,677,413 (3)
Total OPEB Liability – End of Year	<u>\$ 334,926,567</u>	<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>\$ 106,072,130</u>	<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>315.75%</u>	<u>413.09%</u>	<u>373.13%</u>	<u>261.67%</u>	<u>243.01%</u>
Discount Rate	<u>3.54%</u>	<u>2.16%</u>	<u>2.21%</u>	<u>3.51%</u>	<u>3.87%</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) 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

(5) The mortality improvement scale has been updated from MP-2019 to MP-2021 and medical and prescription drug trend rates have been updated from the 2019 to the 2021 Getzen model which, coupled with the increase in the discount rate, caused a decrease in the liability.

**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)**

	2022 (4)	2021 (3)	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability (asset)	0.573603%	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)	\$ (99,399,903)	\$ 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	\$ 97,432,508	\$ 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	(102.02)%	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	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount Rate	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

**Schedule of Contributions**

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 9,377,981	\$ 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	(9,377,981)	(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	\$ 95,693,684	\$ 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	9.80%	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) 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.

(4) 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.

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 (Asset) (2)								
	2022 (5)	2021 (4)	2020 (3)	2019	2018	2017	2016	2015
School District's proportion of the net pension liability (asset)	<u>0.0455085%</u>	<u>0.0518592%</u>	<u>0.0545419%</u>	<u>0.0556532%</u>	<u>0.0557423%</u>	<u>0.0571999%</u>	<u>0.0530303%</u>	<u>0.0523661%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ (3,720,131)</u>	<u>\$ 51,638</u>	<u>\$ 14,443,013</u>	<u>\$ 3,943,200</u>	<u>\$ 1,799,052</u>	<u>\$ 5,374,626</u>	<u>\$ 8,511,507</u>	<u>\$ 1,769,056</u>
School District's covered payroll	<u>\$ 16,287,362</u>	<u>\$ 16,556,632</u>	<u>\$ 18,395,470</u>	<u>\$ 18,517,148</u>	<u>\$ 17,631,678</u>	<u>\$ 17,193,770</u>	<u>\$ 15,660,046</u>	<u>\$ 15,863,653</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>(22.84)%</u>	<u>0.31%</u>	<u>78.51%</u>	<u>21.29%</u>	<u>10.20%</u>	<u>31.26%</u>	<u>54.35%</u>	<u>11.15%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>103.65%</u>	<u>99.95%</u>	<u>86.39%</u>	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>
Discount Rate	<u>5.90%</u>	<u>5.90%</u>	<u>6.80%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.50%</u>

Schedule of Contributions								
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	<u>\$ 2,446,012</u>	<u>\$ 2,444,595</u>	<u>\$ 2,465,850</u>	<u>\$ 2,407,791</u>	<u>\$ 2,439,004</u>	<u>\$ 2,492,239</u>	<u>\$ 2,552,300</u>	<u>\$ 2,757,052</u>
Contributions in relation to the contractually required contribution	<u>(2,446,012)</u>	<u>(2,444,595)</u>	<u>(2,465,850)</u>	<u>(2,407,791)</u>	<u>(2,439,004)</u>	<u>(2,492,239)</u>	<u>(2,552,300)</u>	<u>(2,757,052)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 16,158,187</u>	<u>\$ 16,284,493</u>	<u>\$ 18,028,144</u>	<u>\$ 18,359,996</u>	<u>\$ 17,709,333</u>	<u>\$ 17,622,287</u>	<u>\$ 14,864,717</u>	<u>\$ 15,199,078</u>
Contributions as a percentage of covered payroll	<u>15.14%</u>	<u>15.01%</u>	<u>13.68%</u>	<u>13.11%</u>	<u>13.77%</u>	<u>14.14%</u>	<u>17.17%</u>	<u>18.14%</u>

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

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

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

(4)(5) 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.

See independent auditors' report.

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**City School District of Mount Vernon, New York**

General Fund  
Comparative Balance Sheet  
June 30,

	2022	2021
<b>ASSETS</b>		
Cash and equivalents	\$ 13,011,703	\$ 23,387,598
Receivables		
Taxes	25,473,539	19,074,019
Accounts, net of allowance for uncollectible amounts of \$10,184 in 2022 and 2021	1,204,115	142
State and Federal aid	10,654,923	6,227,183
Due from other governments	10,871,356	1,415,725
Due from other funds	4,660,691	8,145,790
	52,864,624	34,862,859
Total Assets	\$ 65,876,327	\$ 58,250,457
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 8,361,388	\$ 4,211,453
Accrued liabilities	3,367,703	3,468,449
Employee payroll deductions	14,114	6,078
Due to other funds	2,376,216	-
Due to retirement systems	11,049,574	11,020,782
Deposits payable	2,500	-
Overpayments	358,042	358,042
Due to fiduciary fund	102,326	-
Total Liabilities	25,631,863	19,064,804
Deferred inflows of resources		
Deferred tax revenues	25,031,759	18,343,600
Total Liabilities and Deferred Inflows of Resources	50,663,622	37,408,404
Fund balance		
Restricted	6,708,304	7,477,721
Assigned	7,495,085	4,053,888
Unassigned	1,009,316	9,310,444
Total Fund Balance	15,212,705	20,842,053
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 65,876,327	\$ 58,250,457

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,

	2022				
	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget
<b>REVENUES</b>					
Real property taxes	\$ 122,394,326	\$ 122,394,326	\$ 115,586,167	\$	\$ (6,808,159)
Other tax items	15,972,791	15,972,791	15,341,726		(631,065)
Non-property taxes	2,800,000	2,800,000	3,329,896		529,896
Charges for services	1,238,000	1,238,000	644,323		(593,677)
Use of money and property	150,000	150,000	133,073		(16,927)
Sale of property and compensation for loss	125,000	947,841	992,232		44,391
Interfund revenues	220,000	220,000	213,028		(6,972)
State aid	111,106,466	111,106,466	108,867,702		(2,238,764)
Federal aid	65,000	65,000	345,546		280,546
Miscellaneous	755,025	755,025	828,124		73,099
<b>Total Revenues</b>	<b>254,826,608</b>	<b>255,649,449</b>	<b>246,281,817</b>		<b>(9,367,632)</b>
<b>EXPENDITURES</b>					
Current					
General support					
Board of education	356,587	415,455	382,697	-	32,758
Central administration	1,011,696	1,058,667	1,050,861	-	7,806
Finance	1,942,575	2,101,647	1,864,197	11,184	226,266
Staff	1,584,815	1,845,073	1,743,052	9,520	92,501
Central services	20,118,044	23,804,237	20,899,791	1,795,091	1,109,355
Special items	5,250,882	4,839,034	5,276,825	-	(437,791)
<b>Total General Support</b>	<b>30,264,599</b>	<b>34,064,113</b>	<b>31,217,423</b>	<b>1,815,795</b>	<b>1,030,895</b>
Instruction					
Instruction, administration and improvement	10,149,120	9,001,201	7,965,242	55,590	980,369
Teaching - Regular school Programs for students with disabilities	70,352,291	76,124,857	73,054,454	64,198	3,006,205
Teaching - Special schools	38,887,738	35,895,347	33,755,233	1,352	2,138,762
Instructional media	1,751,335	1,701,470	1,503,616	18,372	179,482
Pupil services	9,225,353	11,027,710	9,852,449	28,167	1,147,094
	10,213,587	10,406,119	10,102,111	11,611	292,397
<b>Total Instruction</b>	<b>140,579,424</b>	<b>144,156,704</b>	<b>136,233,105</b>	<b>179,290</b>	<b>7,744,309</b>
Pupil transportation	10,686,912	10,544,486	10,394,656	-	149,830
Employee benefits	52,461,497	49,608,531	49,448,808	-	159,723
Debt service					
Principal	16,783,949	16,783,949	16,783,949	-	-
Interest	6,576,721	6,576,722	6,576,722	-	-
<b>Total Expenditures</b>	<b>257,353,102</b>	<b>261,734,505</b>	<b>250,654,663</b>	<b>1,995,085</b>	<b>9,084,757</b>
Excess (Deficiency) of Revenues Over Expenditures	(2,526,494)	(6,085,056)	(4,372,846)	(1,995,085)	(282,875)
<b>OTHER FINANCING USES</b>					
Transfers out	(3,245,000)	(1,256,502)	(1,256,502)	-	-
<b>Net Change in Fund Balance</b>	<b>(5,771,494)</b>	<b>(7,341,558)</b>	<b>(5,629,348)</b>	<b>\$ (1,995,085)</b>	<b>\$ (282,875)</b>
<b>FUND BALANCE</b>					
Beginning of Year	5,771,494	7,341,558	20,842,053		
End of Year	\$ -	\$ -	\$ 15,212,705		

See independent auditors' report.

2021				
Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget
\$ 119,693,672	\$ 119,693,672	\$ 117,502,893	\$	\$ (2,190,779)
17,547,091	17,547,091	16,988,940		(558,151)
2,500,000	2,500,000	2,978,283		478,283
1,378,000	1,378,000	285,447		(1,092,553)
475,000	475,000	29,832		(445,168)
135,000	135,000	153,275	-	18,275
200,000	200,000	144,300		(55,700)
104,957,176	104,957,176	102,381,380		(2,575,796)
65,000	65,000	1,055,772		990,772
1,100,026	1,100,026	720,123		(379,903)
248,050,965	248,050,965	242,240,245		(5,810,720)
300,377	314,265	288,607	-	25,658
911,702	906,414	867,923	1,907	36,584
1,909,230	1,896,357	1,826,104	7,934	62,319
1,847,706	2,094,895	1,543,240	97	551,558
21,773,178	22,322,364	19,480,120	621,152	2,221,092
3,826,183	7,323,476	6,451,305	-	872,171
30,568,376	34,857,771	30,457,299	631,090	3,769,382
10,735,892	10,614,113	9,023,162	18,844	1,572,107
70,774,555	72,569,486	68,492,649	151,521	3,925,316
40,080,414	38,036,002	33,622,806	68,654	4,344,542
1,368,981	1,603,391	1,491,155	190	112,046
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
142,635,977	142,824,400	130,347,134	363,569	12,113,697
9,271,607	8,388,875	6,042,421	1,609	2,344,845
51,854,159	50,701,366	48,871,945	-	1,829,421
13,992,607	13,992,607	13,992,607	-	-
7,486,734	7,486,734	7,486,733	-	1
255,809,460	258,251,753	237,198,139	996,268	20,057,346
(7,758,495)	(10,200,788)	5,042,106	(996,268)	14,246,626
(3,921,000)	(3,921,000)	(3,921,000)	-	-
(11,679,495)	(14,121,788)	1,121,106	\$ (996,268)	\$ 14,246,626
11,679,495	14,121,788	19,720,947		
\$ -	\$ -	\$ 20,842,053		

**City School District of Mount Vernon, New York**

General Fund  
Schedule of Revenues Compared to Budget  
Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REAL PROPERTY TAXES</b>	<u>\$ 122,394,326</u>	<u>\$ 122,394,326</u>	<u>\$ 115,586,167</u>	<u>\$ (6,808,159)</u>
<b>OTHER TAX ITEMS</b>				
School tax relief reimbursement	13,672,791	13,672,791	13,672,791	-
Interest and penalties on real property taxes	1,100,000	1,100,000	170,820	(929,180)
Payments in lieu of taxes	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,498,115</u>	<u>298,115</u>
	<u>15,972,791</u>	<u>15,972,791</u>	<u>15,341,726</u>	<u>(631,065)</u>
<b>NON-PROPERTY TAXES</b>				
Utility gross receipts tax	<u>2,800,000</u>	<u>2,800,000</u>	<u>3,329,896</u>	<u>529,896</u>
<b>CHARGES FOR SERVICES</b>				
Health services for other districts	38,000	38,000	148,037	110,037
Other services for other districts and governments	<u>1,200,000</u>	<u>1,200,000</u>	<u>496,286</u>	<u>(703,714)</u>
	<u>1,238,000</u>	<u>1,238,000</u>	<u>644,323</u>	<u>(593,677)</u>
<b>USE OF MONEY AND PROPERTY</b>				
Earnings on investments	125,000	125,000	12,125	(112,875)
Rentals - Other	<u>25,000</u>	<u>25,000</u>	<u>120,948</u>	<u>95,948</u>
	<u>150,000</u>	<u>150,000</u>	<u>133,073</u>	<u>(16,927)</u>
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b>				
Insurance recoveries	125,000	947,841	957,772	9,931
Minor sales	<u>-</u>	<u>-</u>	<u>34,460</u>	<u>34,460</u>
	<u>125,000</u>	<u>947,841</u>	<u>992,232</u>	<u>44,391</u>
<b>INTERFUND REVENUES</b>	<u>220,000</u>	<u>220,000</u>	<u>213,028</u>	<u>(6,972)</u>



**STATE AID**

Basic formula	103,692,334	103,692,334	101,379,963	(2,312,371)
BOCES	5,623,887	5,623,887	6,052,992	429,105
Textbooks	704,407	704,407	531,765	(172,642)
Computer software and hardware	119,078	119,078	238,860	119,782
Library aid	-	-	34,437	34,437
Incarcerated youth	566,760	566,760	559,685	(7,075)
Other	400,000	400,000	70,000	(330,000)
	<u>111,106,466</u>	<u>111,106,466</u>	<u>108,867,702</u>	<u>(2,238,764)</u>

**FEDERAL AID**

Elementary and Secondary School Emergency Relief Fund (CARES)	-	-	345,546	345,546
Medical assistance	65,000	65,000	-	(65,000)
	<u>65,000</u>	<u>65,000</u>	<u>345,546</u>	<u>280,546</u>

**MISCELLANEOUS**

Refund of prior year's expenditures	575,000	575,000	643,057	68,057
Other	180,025	180,025	185,067	5,042
	<u>755,025</u>	<u>755,025</u>	<u>828,124</u>	<u>73,099</u>

**TOTAL REVENUES**

<u>\$ 254,826,608</u>	<u>\$ 255,649,449</u>	<u>\$ 246,281,817</u>	<u>\$ (9,367,632)</u>
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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, 2022

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget
<b>GENERAL SUPPORT</b>					
<b>BOARD OF EDUCATION</b>					
Board of education	\$ 37,097	\$ 37,905	\$ 34,675	\$ -	\$ 3,230
District clerk	176,071	224,131	221,083	-	3,048
District meeting	143,419	153,419	126,939	-	26,480
Total Board of Education	356,587	415,455	382,697	-	32,758
<b>CENTRAL ADMINISTRATION</b>					
Chief school administrator	1,011,696	1,058,667	1,050,861	-	7,806
Total Central Administration	1,011,696	1,058,667	1,050,861	-	7,806
<b>FINANCE</b>					
Business administration	1,574,815	1,474,002	1,291,376	2,699	179,927
Auditing	115,000	212,185	176,610	7,475	28,100
Fiscal agent fees	10,000	10,000	-	-	10,000
Purchasing	242,760	405,460	396,211	1,010	8,239
Total Finance	1,942,575	2,101,647	1,864,197	11,184	226,266
<b>STAFF</b>					
Legal	691,400	939,185	905,647	9,000	24,538
Personnel	680,415	720,639	666,288	-	54,351
Records management	18,000	27,249	16,648	-	10,601
Public information and services	195,000	158,000	154,469	520	3,011
Total Staff	1,584,815	1,845,073	1,743,052	9,520	92,501
<b>CENTRAL SERVICES</b>					
Operation of plant	12,078,229	14,724,228	13,149,385	1,273,846	300,997
Maintenance of plant	3,922,612	3,754,907	3,467,251	174,757	112,899
Security services	3,139,139	3,767,221	3,486,919	44,350	235,952
Central data processing	533,626	1,202,959	448,313	299,274	455,372
Central printing and mailing	444,438	354,922	347,923	2,864	4,135
Total Central Services	20,118,044	23,804,237	20,899,791	1,795,091	1,109,355

**SPECIAL ITEMS**

Unallocated insurance	3,416,882	2,875,497	2,853,167	-	22,330
School association dues	10,000	10,000	1,937	-	8,063
Administrative charge - BOCES	1,229,000	1,291,050	1,277,378	-	13,672
Assessments on school property	270,000	270,000	-	-	270,000
Judgments and claims	325,000	26,050	1,050	-	25,000
Tax certiorari claims	-	366,437	1,143,293	-	(776,856)
Total Special Items	5,250,882	4,839,034	5,276,825	-	(437,791)
Total General Support	30,264,599	34,064,113	31,217,423	1,815,795	1,030,895

**INSTRUCTION****INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

Curriculum development and supervision	2,381,680	2,358,054	1,937,640	54,466	365,948
Supervision - Regular school	6,777,606	5,775,323	5,233,075	1,124	541,124
Supervision - Special school	836,934	624,437	598,832	-	25,605
Research, planning and evaluation	2,900	22,829	11,414	-	11,415
In-service training - Instruction	150,000	220,558	184,281	-	36,277
Total Instruction, Administration and Improvement	10,149,120	9,001,201	7,965,242	55,590	980,369

**TEACHING - REGULAR SCHOOL**

70,352,291	76,124,857	73,054,454	64,198	3,006,205
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**PROGRAMS FOR STUDENTS WITH DISABILITIES**

38,887,738	35,895,347	33,755,233	1,352	2,138,762
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**TEACHING - SPECIAL SCHOOLS**

1,751,335	1,701,470	1,503,616	18,372	179,482
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**INSTRUCTIONAL MEDIA**

School library and audiovisual	1,734,925	1,736,393	1,356,789	6,748	372,856
Computer assisted instruction	7,490,428	9,291,317	8,495,660	21,419	774,238
Total Instructional Media	9,225,353	11,027,710	9,852,449	28,167	1,147,094

(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, 2022

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget
<b>PUPIL SERVICES</b>					
Attendance - Regular school	\$ -	\$ 5,809	\$ 5,805	\$ -	\$ 4
Guidance - Regular school	3,002,349	2,937,849	2,881,881	-	55,968
Health services - Regular school	2,335,827	2,465,508	2,403,322	5,265	56,921
Psychological services - Regular school	2,142,039	2,037,062	1,953,131	-	83,931
Social work services - Regular school	1,681,669	1,663,010	1,654,865	-	8,145
Pupil personnel services - Regular school	246,555	434,863	422,874	-	11,989
Interscholastic athletics - Regular school	805,148	862,018	780,233	6,346	75,439
Total Pupil Services	10,213,587	10,406,119	10,102,111	11,611	292,397
Total Instruction	140,579,424	144,156,704	136,233,105	179,290	7,744,309
<b>PUPIL TRANSPORTATION</b>					
District transportation services	94,752	94,752	75,543	-	19,209
Contract transportation	10,592,160	10,449,734	10,319,113	-	130,621
Total Pupil Transportation	10,686,912	10,544,486	10,394,656	-	149,830
<b>EMPLOYEE BENEFITS</b>					
State retirement	2,510,644	2,140,493	2,129,848	-	10,645
Teachers' retirement	9,142,000	8,944,215	8,896,861	-	47,354
Voluntary defined contribution plan	45,000	45,000	41,944	-	3,056
Early retirement incentive	652,500	730,913	730,913	-	-
Life insurance	20,000	20,000	13,355	-	6,645
Social security	9,074,936	8,570,309	8,570,309	-	-
Workers' compensation	1,918,816	1,864,723	1,833,447	-	31,276
Hospital, medical and dental benefits	27,218,776	25,742,013	25,681,268	-	60,745
Unemployment benefits	250,000	3,224	3,223	-	1
Disability insurance	25,000	-	-	-	-
Employee assistance program	30,000	-	-	-	-
Welfare fund contributions	1,573,825	1,547,641	1,547,640	-	1
Total Employee Benefits	52,461,497	49,608,531	49,448,808	-	159,723

**DEBT SERVICE**

## Principal

Serial bonds	12,240,000	12,240,000	12,240,000	-	-
Leases	1,680,087	1,680,087	1,680,087	-	-
Energy performance contract	2,863,862	2,863,862	2,863,862	-	-
	<u>16,783,949</u>	<u>16,783,949</u>	<u>16,783,949</u>	<u>-</u>	<u>-</u>

## Interest

Serial bonds	5,551,890	5,551,891	5,551,891	-	-
Leases	114,494	114,494	114,494	-	-
Energy performance contract	910,337	910,337	910,337	-	-
	<u>6,576,721</u>	<u>6,576,722</u>	<u>6,576,722</u>	<u>-</u>	<u>-</u>

## Total Debt Service

	<u>23,360,670</u>	<u>23,360,671</u>	<u>23,360,671</u>	<u>-</u>	<u>-</u>
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**TOTAL EXPENDITURES**

	257,353,102	261,734,505	250,654,663	1,995,085	9,084,757
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**OTHER FINANCING USES**

## Transfers out

Special Aid Fund	<u>3,245,000</u>	<u>1,256,502</u>	<u>1,256,502</u>	<u>-</u>	<u>-</u>
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**TOTAL EXPENDITURES AND  
OTHER FINANCING USES**

	<u>\$ 260,598,102</u>	<u>\$ 262,991,007</u>	<u>\$ 251,911,165</u>	<u>\$ 1,995,085</u>	<u>\$ 9,084,757</u>
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See independent auditors' report.

**City School District of Mount Vernon, New York**

Special Aid Fund  
Comparative Balance Sheet  
June 30,

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 134,811</u>	<u>\$ 1,912,221</u>
Receivables		
State and Federal aid	5,666,088	6,181,068
Due from other funds	<u>509,867</u>	<u>-</u>
	<u>6,175,955</u>	<u>6,181,068</u>
Total Assets	<u><u>\$ 6,310,766</u></u>	<u><u>\$ 8,093,289</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 369,991	\$ 850,228
Due to other funds	4,325,739	6,759,954
Unearned revenues	<u>1,615,036</u>	<u>483,107</u>
Total Liabilities	<u><u>\$ 6,310,766</u></u>	<u><u>\$ 8,093,289</u></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,

	2022	2021
<b>REVENUES</b>		
State aid	\$ 5,083,032	\$ 1,872,361
Federal aid	8,595,354	6,813,583
Miscellaneous	805,434	600,671
Total Revenues	14,483,820	9,286,615
<b>EXPENDITURES</b>		
Current		
Instruction	15,740,322	12,607,615
Deficiency of Revenues Over Expenditures	(1,256,502)	(3,321,000)
<b>OTHER FINANCING SOURCES</b>		
Transfers in	1,256,502	3,321,000
Net Change in Fund Balance	-	-
<b>FUND BALANCE</b>		
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>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 950,024	\$ 4,347,193
Due from other funds	<u>1,866,351</u>	<u>-</u>
Total Assets	<u><u>\$ 2,816,375</u></u>	<u><u>\$ 4,347,193</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 281,933	\$ 147,822
Due to other funds	<u>-</u>	<u>69,948</u>
Total Liabilities	281,933	217,770
Fund balance		
Restricted	<u>2,534,442</u>	<u>4,129,423</u>
Total Liabilities and Fund Balance	<u><u>\$ 2,816,375</u></u>	<u><u>\$ 4,347,193</u></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>2022</u>	<u>2021</u>
<b>REVENUES</b>		
State aid	\$ -	\$ 3,242,478
<b>EXPENDITURES</b>		
Capital outlay	<u>3,205,895</u>	<u>9,816,645</u>
Deficiency of Revenues Over Expenditures	<u>(3,205,895)</u>	<u>(6,574,167)</u>
<b>OTHER FINANCING SOURCES</b>		
Leases issued	1,610,914	-
Transfers in	<u>-</u>	<u>600,000</u>
Total Other Financing Sources	<u>1,610,914</u>	<u>600,000</u>
Net Change in Fund Balance	(1,594,981)	(5,974,167)
<b>FUND BALANCE</b>		
Beginning of Year	<u>4,129,423</u>	<u>10,103,590</u>
End of Year	<u>\$ 2,534,442</u>	<u>\$ 4,129,423</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, 2022

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	101,124,709	1,444,607	102,569,316	5,788,184
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	-
134	Smart Schools Bond Act	7,961,129	3,884,574	141,891	4,026,465	3,934,664
123	Graham School Site Improvements	1,000,000	1,000,000	-	1,000,000	-
135	Annual Projects 2020-2021	600,000	486,966	8,483	495,449	104,551
136	Culinary Arts Project	1,025,054	981,303	-	981,303	43,751
NA	Various IPA Leases	1,610,914	-	1,610,914	1,610,914	-
	Total	<u>\$ 146,224,047</u>	<u>\$ 132,764,784</u>	<u>\$ 3,205,895</u>	<u>\$ 135,970,679</u>	<u>\$ 10,253,368</u>

See independent auditors' report.

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Proceeds of Obligations	Methods of Financing				Fund Balance (Deficit) at June 30, 2022
	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	5,786,279
-	-	-	-	-	(252,164)
-	-	357,634	-	357,634	-
-	1,400,177	-	-	1,400,177	201,875
-	-	-	366,463	366,463	(106,117)
-	-	3,129,479	-	3,129,479	(896,986)
-	-	-	-	-	(1,000,000)
-	600,000	-	-	600,000	104,551
-	-	-	-	-	(981,303)
-	-	-	1,610,914	1,610,914	-
<u>\$ 120,701,803</u>	<u>\$ 3,800,177</u>	<u>\$ 12,025,764</u>	<u>\$ 1,977,377</u>	<u>\$ 138,505,121</u>	<u>\$ 2,534,442</u>

**City School District of Mount Vernon, New York**

Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2022  
(With Comparative Totals for 2021)

			Total Non-Major Governmental Funds	
	School Lunch	Special Purpose	2022	2021
<b>ASSETS</b>				
Cash and equivalents	\$ 3,648	\$ 212,465	\$ 216,113	\$ 370,740
Receivables				
State and Federal aid	1,201,635	-	1,201,635	383,130
Due from other funds	1,000,000	-	1,000,000	-
	2,201,635	-	2,201,635	383,130
Inventories	2,026	-	2,026	2,750
Total Assets	<u>\$ 2,207,309</u>	<u>\$ 212,465</u>	<u>\$ 2,419,774</u>	<u>\$ 756,620</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>				
Liabilities				
Accounts payable	\$ 608,079	\$ 25,369	\$ 633,448	\$ 313,548
Accrued liabilities	24,214	-	24,214	-
Due to other funds	1,334,954	-	1,334,954	1,315,888
Total Liabilities	1,967,247	25,369	1,992,616	1,629,436
Fund balances (deficits)				
Nonspendable	2,026	-	2,026	2,750
Restricted	-	187,096	187,096	186,177
Assigned	238,036	-	238,036	-
Unassigned	-	-	-	(1,061,743)
Total Fund Balances (Deficits)	240,062	187,096	427,158	(872,816)
Total Liabilities and Fund Balances (Deficits)	<u>\$ 2,207,309</u>	<u>\$ 212,465</u>	<u>\$ 2,419,774</u>	<u>\$ 756,620</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, 2022  
(With Comparative Totals for 2021)

	School Lunch	Special Purpose	Total Non-Major Governmental Funds	
			2022	2021
<b>REVENUES</b>				
Use of money and property	\$ 2	\$ 128	\$ 130	\$ 47
Food sales	1,030	-	1,030	32,489
State aid	92,280	-	92,280	47,948
Federal aid	4,853,244	-	4,853,244	1,629,797
Miscellaneous	-	231,846	231,846	113,483
Total Revenues	4,946,556	231,974	5,178,530	1,823,764
<b>EXPENDITURES</b>				
Current				
Cost of food sales	3,647,501	-	3,647,501	2,623,761
Other	-	231,055	231,055	86,959
Total Expenditures	3,647,501	231,055	3,878,556	2,710,720
Excess (Deficiency) of Revenues Over Expenditures	1,299,055	919	1,299,974	(886,956)
<b>FUND BALANCES (DEFICITS)</b>				
Beginning of Year	(1,058,993)	186,177	(872,816)	14,140
End of Year	\$ 240,062	\$ 187,096	\$ 427,158	\$ (872,816)

See independent auditors' report.

**City School District of Mount Vernon, New York**

School Lunch Fund  
Comparative Balance Sheet  
June 30,

	2022	2021
<b>ASSETS</b>		
Cash and equivalents	\$ 3,648	\$ 159,194
Receivables		
State and Federal aid	1,201,635	383,130
Due from other funds	1,000,000	-
	2,201,635	383,130
Inventories	2,026	2,750
Total Assets	\$ 2,207,309	\$ 545,074
<b>LIABILITIES AND FUND DEFICIT</b>		
Liabilities		
Accounts payable	\$ 608,079	\$ 288,179
Accrued liabilities	24,214	-
Due to other funds	1,334,954	1,315,888
Total Liabilities	1,967,247	1,604,067
Fund balance (deficit)		
Nonspendable	2,026	2,750
Assigned	238,036	-
Unassigned	-	(1,061,743)
Total Fund Deficit	240,062	(1,058,993)
Total Liabilities and Fund Deficit	\$ 2,207,309	\$ 545,074

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>2022</u>	<u>2021</u>
<b>REVENUES</b>		
Use of money and property	\$ 2	\$ 13
Food sales	1,030	32,489
State aid	92,280	47,948
Federal aid	<u>4,853,244</u>	<u>1,629,797</u>
 Total Revenues	 4,946,556	 1,710,247
<b>EXPENDITURES</b>		
Current		
Cost of food sales	<u>3,647,501</u>	<u>2,623,761</u>
 Excess (Deficiency) of Revenues Over Expenditures	 1,299,055	 (913,514)
<b>FUND BALANCE (DEFICIT)</b>		
Beginning of Year	<u>(1,058,993)</u>	<u>(145,479)</u>
 End of Year	 <u><u>\$ 240,062</u></u>	 <u><u>\$ (1,058,993)</u></u>

See independent auditors' report.

**City School District of Mount Vernon, New York**

Special Purpose Fund  
Comparative Balance Sheet  
June 30,

---

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 212,465</u>	<u>\$ 211,546</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 25,369	\$ 25,369
Fund Balance		
Restricted	<u>187,096</u>	<u>186,177</u>
Total Liabilities and Fund Balance	<u>\$ 212,465</u>	<u>\$ 211,546</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,

---

	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>		
Use of money and property	\$ 128	\$ 34
Miscellaneous	<u>231,846</u>	<u>113,483</u>
Total Revenues	231,974	113,517
<b>EXPENDITURES</b>		
Current		
Other	<u>231,055</u>	<u>86,959</u>
Excess of Revenues Over Expenditures	919	26,558
<b>FUND BALANCE</b>		
Beginning of Year	<u>186,177</u>	<u>159,619</u>
End of Year	<u><u>\$ 187,096</u></u>	<u><u>\$ 186,177</u></u>

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, 2022

Adopted Budget	\$ 259,601,834
Additions - Encumbrances	<u>996,268</u>
Original Budget	260,598,102
Budget Revisions	<u>2,392,905</u>
Final Budget	<u><u>\$ 262,991,007</u></u>

### General Fund

#### Section 1318 of Real Property Tax Law Limit Calculation

2022-23 Expenditure Budget	<u>\$ 266,063,496</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	\$ 7,495,085
Unassigned fund balance	<u>1,009,316</u>
Total Unrestricted Fund Balance	<u>8,504,401</u>
Less	
Appropriated for subsequent year's budget	5,500,000
Encumbrances	<u>1,995,085</u>
Total Adjustments	<u>7,495,085</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 1,009,316</u></u>
Actual Percentage	<u><u>0.38%</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, 2022

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Capital Assets, net		\$ 258,678,802
Plus		
Unexpended debt proceeds	\$ 5,786,279	
Unamortized portion of loss on refunding bonds	<u>1,079,240</u>	6,865,519
Less		
General obligation bonds payable - Capital construction	(130,460,000)	
Energy performance contract payable	(31,364,157)	
Lease payable	(4,874,326)	
Unamortized portion of issuance premium on bonds	<u>(12,444,626)</u>	<u>(179,143,109)</u>
Net Investment in Capital Assets		<u>\$ 86,401,212</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, 2022, 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 December 15, 2022.

**Report on 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 School District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, 2022-003 and 2022-004 that we consider to be material weaknesses.

## **Report on 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*.

## **School District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District'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  
December 15, 2022



**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**

***Opinion on 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 identified as subject to audit 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, 2022. 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.

In our opinion, the School District complied, in all material respects, with the 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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School District's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error; as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## ***Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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  
December 15, 2022

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# City School District of Mount Vernon, New York

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

<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	\$ -	\$ 1,172,139
National School Lunch Program - Commodities	10.555	N/A	-	114,503
National School Lunch Program - Cash	10.555	N/A	-	3,263,403
Summer Food Service Program for Children	10.559	N/A	-	303,199
Total U.S. Department of Agriculture			-	4,853,244
<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	-	1,401
Special Education - Grants to States	84.027	0032-21-1076	-	182,645
Special Education - Grants to States	84.027	0032-22-1076	-	2,136,843
Special Education - Preschool Grants	84.173	0033-20-1076	-	285
Special Education - Preschool Grants	84.173	0033-22-1076	-	13,635
Special Education - Preschool Grants	84.173	0033-21-2076	-	33,769
Subtotal Special Education Cluster			-	2,368,578
Title I Grants to Local Educational Agencies	84.010	0011-21-2132	-	128,817
Title I Grants to Local Educational Agencies	84.010	0011-22-2132	-	39,635
Title I Grants to Local Educational Agencies	84.010	0011-22-4094	-	25,000
Title I Grants to Local Educational Agencies	84.010	0011-21-7519	-	82,748
Title I Grants to Local Educational Agencies	84.010	0021-21-3740	-	357,425
Title I Grants to Local Educational Agencies	84.010	0021-22-3740	-	2,166,855
			-	2,800,480
English Language Acquisition State Grants	84.365	0149-22-3740	-	145,712
English Language Acquisition State Grants	84.365	0293-21-3740	-	7,552
English Language Acquisition State Grants	84.365	0293-22-3740	-	30,580
			-	183,844
Supporting Effective Instruction State Grants	84.367	0147-21-3740	-	7,108
Supporting Effective Instruction State Grants	84.367	0147-22-3740	-	273,006
Supporting Effective Instruction State Grants	84.367	0145-21-1007	-	129,440
			-	409,554

(Continued)

**City School District of Mount Vernon, New York**

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

<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>				
Student Support and Academic Enrichment Program	84.424	0204-21-3740	\$ -	\$ 14,764
Student Support and Academic Enrichment Program	84.424	0204-22-3740	-	23,020
			-	37,784
Elementary and Secondary School Emergency Relief (ESSER) Fund (CARES)	84.425D	5890-21-3740	-	345,546
Elementary and Secondary School Emergency Relief (ESSER) Fund (CARES)	84.425D	5891-21-3740	-	962,308
American Rescue Plan (ARP) ESSER II	84.425U	5880-21-3740	-	1,840,583
American Rescue Plan Homeless II Fund	84.425W	5218-21-3740	-	1,834
			-	3,150,271
Total U.S. Department of Education			-	8,950,511
Total Expenditures of Federal Awards			\$ -	\$ 13,803,755

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, 2022

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### **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, 2022. 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.

### **Note 4 - 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.

## City School District of Mount Vernon, New York

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2022

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### 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?

  X   Yes           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

	<i>Child Nutrition Cluster</i>
10.553	School Breakfast Program
10.555	National School Lunch Program – Commodities
10.555	National School Lunch Program – Cash
10.559	Summer Food Service Program for Children
84.425D	Elementary and Secondary School Emergency Relief (ESSER) Fund (CARES)
84.425U	American Rescue Plan (ARP) ESSER II
84.425W	American Rescue Plan Homeless II Fund

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

\$750,000

Auditee qualified as low-risk auditee?

  X   Yes           No

## Section II - Financial Statement Findings

### 2022-001: Audit Readiness and Financial Records (*Material Weakness*)

**Criteria:** The School District must have appropriate in-house personnel and internal control over financial reporting to ensure that the amounts reported are reliable and that management and employees, in the normal course of performing their assigned functions, can prevent, or detect and correct, misstatements on a timely basis.

**Condition:** Our audit revealed the following:

- 1) The School District has been relying on a part-time, outside consulting firm to oversee the accounting functions. The School District has not filled the positions of Treasurer, Deputy Treasurer and other key accounting positions. This has resulted in:
  - General ledger accounts not reconciled on a timely basis
  - Cash receipts and certain payments not reconciled on a timely basis
  - No analysis of account balances on a monthly basis to identify unexpected variances
  - Extraclassroom activities are not being reconciled with bank statements on a monthly basis by the extraclassroom activity treasurers and no oversight during the year by the Finance Department

**Cause:** Lack of in-house personnel performing these functions.

**Effect or Potential Effect:** A significant number of correcting journal entries were required to be posted in order for the balances to reflect the appropriate amounts.

**Recommendation:** The School District should consider hiring qualified personnel to fill the vacant positions. Once these position are filled, the School District should institute processes and procedures to ensure that accounts are reconciled regularly throughout the year. In addition, implementing a year-end closing checklist would assist the School District in ensuring all closing entries were properly posted and appropriate analysis of account balances is performed to ensure accuracy.

**Management's Response:** See corrective action plan.

### 2022-002: Recognition of BOCES Aid (*Material Weakness*)

**Criteria:** The School District participates in BOCES and, as such, is entitled to BOCES state aid reimbursement for costs incurred.

**Condition:** Checks sent to the School District by BOCES of approximately \$2.4 million in September 2021 for the 2020-21 fiscal year and \$6.0 million over three checks for the 2021-22 fiscal year were never located and, accordingly, not recorded as revenue in the books and records.

**Cause:** Lack of in-house finance personnel analyzing general ledger account balances and identifying unexplained variances.

**Effect or Potential Effect:** The School District was not aware that the \$8.4 million was never received nor deposited. This had a negative impact on cash flow.

## City School District of Mount Vernon, New York

### Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2022

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**Recommendation:** The School District should request that these payments from BOCES be wired rather than sent by check. Revenue accounts should be analyzed at least quarterly to ensure that amounts are meeting budgetary expectations.

**Management's Response:** See corrective action plan.

#### **2022-003: Overpayment of Payroll Tax Liabilities** *(Material Weakness)*

**Criteria:** The School District is required to properly withhold and remit payroll tax obligations to the appropriate Federal or State authorities or other third parties shortly after each pay period.

**Condition:** Payroll taxes remitted to the Federal and State taxing authorities in June 2022 were incorrectly overpaid by approximately \$10.5 million. Additionally, related payments to the OMNI group for employee benefits were also overpaid in June 2022 by approximately \$230,000.

**Cause:** Lack of properly qualified payroll supervisory personnel.

**Effect or Potential Effect:** Unnecessary cash outlay resulting in cash flow shortage that needs to be recovered subsequent to the 2021-22 fiscal year.

**Recommendation:** Employment of properly qualified payroll supervisory personnel to ensure review of payroll tax related obligations before disbursements are sent to the taxing authorities or other third parties.

**Management's Response:** See corrective action plan.

#### **2022-004: Registering New Employees with the New York State Employees' and Teachers' Retirement Systems** *(Material Weakness)*

**Criteria:** The School District has the responsibility of registering newly hired employees with the New York State Employees' Retirement System and the New York State Teachers' Retirement System to ensure they are credited with proper service time and the appropriate employee withholdings for retirement benefits.

**Condition:** Numerous employees hired in the past two years have not been properly registered with the retirement systems.

**Cause:** Lack of supervisory personnel in the payroll department.

**Effect or Potential Effect:** The School District will get retroactively billed by the retirement systems for its employer share once the employees are registered. Employees will need to have retroactive withholdings from future paychecks. This will result in additional payroll complexities in future years.

**Recommendation:** The School District should institute processes and procedures to ensure that all new hires are being added to the proper retirement system reporting portal and employee withholdings being properly calculated.

**Management's Response:** See corrective action plan.



**City School District of Mount Vernon, New York**

Schedule of Findings and Questioned Costs (Concluded)  
Year Ended June 30, 2022

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**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, 2022

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None