

CITY SCHOOL DISTRICT OF
MOUNT VERNON

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

June 30, 2023

CITY SCHOOL DISTRICT OF MOUNT VERNON

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 13
Basic Financial Statements:	
District-Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position	17
Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds	18
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities	19
Fiduciary Fund - Statement of Changes in Fiduciary Net Position	20
Notes to Financial Statements	21 - 54
Required Supplementary Information:	
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	55
Schedule of the District's Proportionate Share of the Net Pension Asset (Liability)	56
Schedule of District's Pension Contributions	57
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	58

CITY SCHOOL DISTRICT OF MOUNT VERNON

Table of Contents, Continued

	<u>Page</u>
Other Supplementary Information:	
Schedule of Changes from Adopted Budget to Final Budget and the Real Property Tax Law Limit Calculation	59
Schedule of Project Expenditures - Capital Projects Fund	60
Net Investment in Capital Assets	61
Federal Grant Compliance Audit:	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	62 - 63
Independent Auditors' Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	64 - 66
Schedule of Expenditures of Federal Awards	67 - 68
Notes to Schedule of Expenditures of Federal Awards	69
Schedule of Findings and Questioned Costs	70 - 71
Status of Prior Audit Findings	72
Corrective Action Plan	73

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INDEPENDENT AUDITORS' REPORT

The Board of Education
City School District of Mount Vernon
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 (the District), as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the 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 District, as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 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

As discussed in note 14 to the financial statements, the District restated its capital projects fund, fund balance for receivables that were related to prior year expenditures reimbursements. Additionally, the District restated its capital assets for a correction of error related to right-to-use lease assets. Our opinions are not modified with respect to these matters.

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 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 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 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 Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules under Other Supplementary Information in the accompanying table of contents 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2023 on our consideration of the 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 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 District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
November 14, 2023

CITY SCHOOL DISTRICT OF MOUNT VERNON

Management's Discussion and Analysis

June 30, 2023

INTRODUCTION

Our discussion and analysis of the City School District of Mount Vernon's (the District) financial performance provides an overview of the District's financial activities for the year that ended June 30, 2023. To enhance your understanding of the 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 2022-2023 are as follows:

- The District's total net position (deficit), as reflected in the District-Wide financial statements was \$(236,451,343) which is a decrease of \$9,826,403 from the prior year net position deficit.
- The total assets and deferred outflows of resources at June 30, 2023 were \$462,498,525 which is a decrease of \$130,127,774 from \$592,626,299 at June 30, 2022, as a result of the pension assets (ERS and TRS) becoming liabilities, and net capital outlay.
- The total liabilities and deferred inflows of resources at June 30, 2023 were \$698,949,868 which is a decrease of \$120,301,371 from \$819,251,239 at June 30, 2022, as a result of an actuarial valuation for the other postemployment benefits liability and net pension liabilities (ERS and TRS).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The 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.

District-Wide Financial Statements

The District-Wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows 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 District is improving or deteriorating.

CITY SCHOOL DISTRICT OF MOUNT VERNON
Management's Discussion and Analysis, Continued

The statement of activities presents information showing how the 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 District include general support, instruction, transportation, cost of food sales and interest.

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 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 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 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 District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds; General Fund, Special Aid Fund, School Food Service Fund, Miscellaneous Special Revenue Fund and Capital Projects Fund. Information is presented separately in the balance sheet - governmental funds and in the statement of revenue, expenditures and changes in fund balances - governmental funds.

The 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.

CITY SCHOOL DISTRICT OF MOUNT VERNON
Management's Discussion and Analysis, Continued

The Fiduciary Funds are used to account resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the District-Wide financial statements because the resources of those funds are not available to support the District's programs. The 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 District for other parties outside of the District's reporting entity and, in the case of the 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 financial statements. These include the supplementary information on budget to actual comparisons, pension systems and other postemployment benefits.

District-Wide Financial Analysis

Our analysis below focuses on net position (figure 1) and changes in net position (figure 2) of the District's governmental activities:

Figure 1

Condensed Statement of Net Position

	<u>2023</u>	<u>2022*</u>	<u>Change</u>	<u>Percentage Change</u>
Current assets	\$ 74,364,766	71,500,866	2,863,900	4.01%
Net pension asset	-	103,120,034	(103,120,034)	-100.00%
Capital assets, net	<u>247,981,916</u>	<u>258,616,383</u>	<u>(10,634,467)</u>	-4.11%
Total assets	<u>322,346,682</u>	<u>433,237,283</u>	<u>(110,890,601)</u>	-25.60%
Deferred outflows of resources	<u>140,151,843</u>	<u>159,389,016</u>	<u>(19,237,173)</u>	-12.07%

CITY SCHOOL DISTRICT OF MOUNT VERNON
Management's Discussion and Analysis, Continued

Figure 1, Continued

	<u>2023</u>	<u>2022*</u>	<u>Change</u>	<u>Percentage Change</u>
Current liabilities	\$ 34,414,622	27,566,514	6,848,108	24.84%
Long-term liabilities	<u>501,498,695</u>	<u>516,320,605</u>	<u>(14,821,910)</u>	-2.87%
Total liabilities	<u>535,913,317</u>	<u>543,887,119</u>	<u>(7,973,802)</u>	-1.47%
Deferred inflows of resources	<u>163,036,551</u>	<u>275,364,120</u>	<u>(112,327,569)</u>	-40.79%
Net position:				
Net investment in capital assets	93,316,000	86,338,793	6,977,207	8.08%
Restricted	3,337,525	6,911,580	(3,574,055)	-51.71%
Unrestricted (deficit)	<u>(333,104,868)</u>	<u>(319,875,313)</u>	<u>(13,229,555)</u>	4.14%
Total net position	<u>\$ (236,451,343)</u>	<u>(226,624,940)</u>	<u>(9,826,403)</u>	-4.34%

Total net position decreased \$9,826,403 primarily driven by the current year results of operations.

*Restated for prior period adjustments detailed in note 14.

Figure 2 Condensed Statement of Activities

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>Percentage Change</u>
Revenue:				
Program revenue:				
Charges for services	\$ 969,571	800,761	168,810	21.08%
Operating grants and contributions	31,806,763	21,444,378	10,362,385	48.32%
Capital grants and contributions	<u>-</u>	<u>6,413</u>	<u>(6,413)</u>	-100.00%
Total program revenue	<u>32,776,334</u>	<u>22,251,552</u>	<u>10,524,782</u>	47.30%
General revenue:				
Real property taxes	121,905,523	122,274,326	(368,803)	-0.30%
Other tax and nonproperty tax items	17,525,497	18,671,622	(1,146,125)	-6.14%
State aid	112,360,862	107,432,955	4,927,907	4.59%
Other	<u>3,237,756</u>	<u>1,788,843</u>	<u>1,448,913</u>	81.00%
Total general revenue	<u>255,029,638</u>	<u>250,167,746</u>	<u>4,861,892</u>	1.94%
Total revenue	<u>287,805,972</u>	<u>272,419,298</u>	<u>15,386,674</u>	5.65%

CITY SCHOOL DISTRICT OF MOUNT VERNON
Management's Discussion and Analysis, Continued

Figure 2, Continued

	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>Percentage Change</u>
Expenses:				
General support	\$ 50,527,972	36,069,956	14,458,016	40.08%
Instruction	224,582,793	207,783,236	16,799,557	8.09%
Transportation	12,182,866	10,474,781	1,708,085	16.31%
Cost of food sales	5,474,383	4,029,670	1,444,713	35.85%
Interest	<u>4,864,361</u>	<u>5,402,178</u>	<u>(537,817)</u>	-9.96%
Total expenses	<u>297,632,375</u>	<u>263,759,821</u>	<u>33,872,554</u>	12.84%
Change in net position	\$ <u>(9,826,403)</u>	<u>8,659,477</u>	<u>(18,485,880)</u>	-213.48%

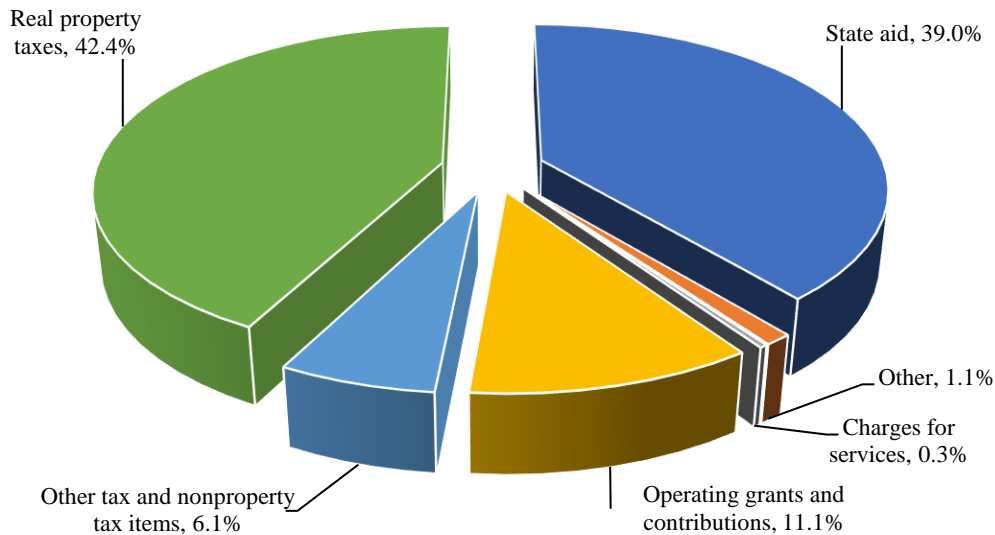
Total revenue for the District's governmental activities increased by \$15,386,674 primarily due to increases in operating grants and contributions and state aid.

Total expenses for the District's governmental activities increased by \$33,872,554 primarily due to changes in the actuarial valuations of the pension systems and the other postemployment benefits obligations.

Figures 3 and 4 show the percentage of sources of revenue for the years ended June 30, 2023 and 2022.

Figure 3

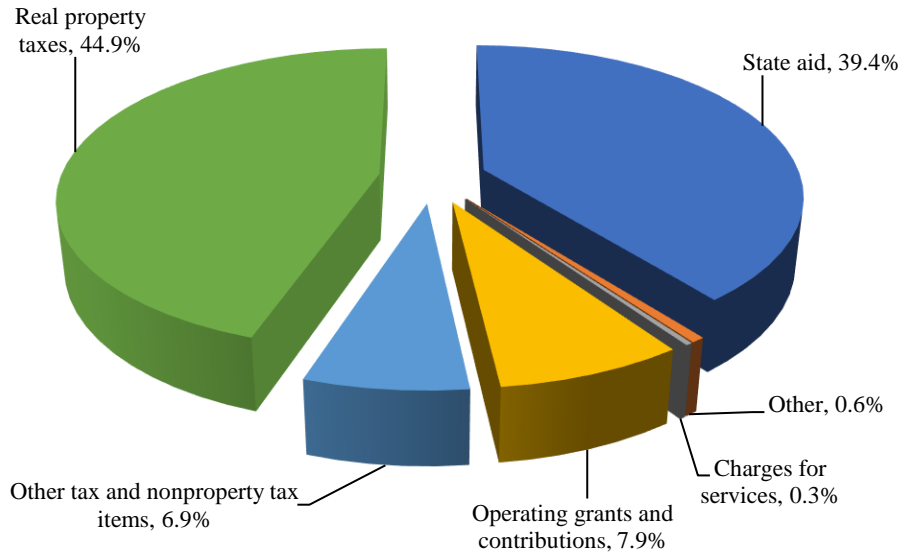
Sources of Revenue for year ended June 30, 2023



CITY SCHOOL DISTRICT OF MOUNT VERNON
Management's Discussion and Analysis, Continued

Figure 4

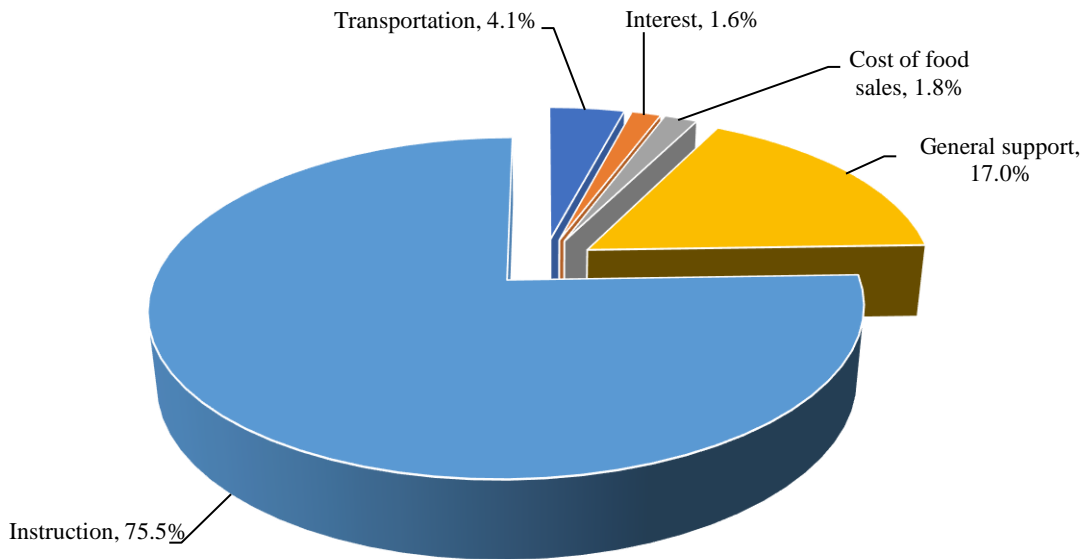
Sources of Revenue for year ended June 30, 2022



Figures 5 and 6 present the cost for each of the District's programs for the years ended June 30, 2023 and 2022.

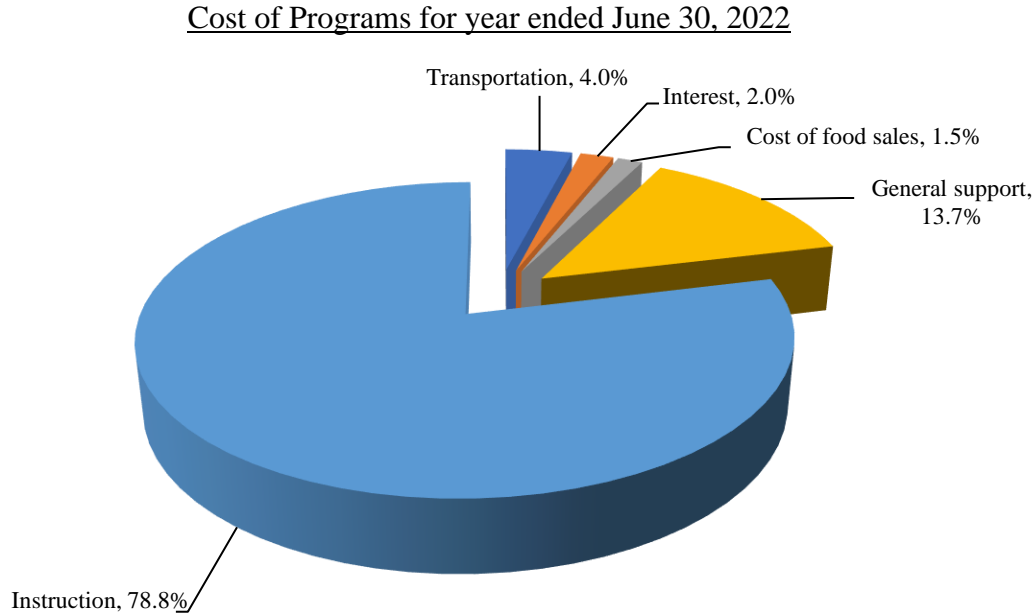
Figure 5

Cost of Programs for year ended June 30, 2023



CITY SCHOOL DISTRICT OF MOUNT VERNON
Management's Discussion and Analysis, Continued

Figure 6



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Figure 7 shows the changes in fund balance for the District's funds. As the District completed the year, its governmental funds, as presented in the balance sheet - governmental funds, reported a combined fund balance of \$16,891,146 at June 30, 2023.

	<u>2023</u>	<u>2022*</u>	<u>Change</u>	<u>Percentage Change</u>
General fund	\$ 11,427,828	15,212,705	(3,784,877)	-24.88%
School food service	710,653	240,062	470,591	196.03%
Miscellaneous special revenue fund	200,791	187,096	13,695	7.32%
Capital projects fund	<u>4,551,874</u>	<u>4,648,975</u>	<u>(97,101)</u>	-2.09%
Total fund balance	\$ <u>16,891,146</u>	<u>20,288,838</u>	<u>(3,397,692)</u>	-16.75%

*Restated for prior period adjustment detailed in note 14.

GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the original budget and the final amended budget was \$2,665,547 or 1.0% of total general fund expenditures.

Figure 8 summarizes the original and final budgets, the actual expenditures (including encumbrances), and variances for the year ended June 30, 2023.

CITY SCHOOL DISTRICT OF MOUNT VERNON
Management's Discussion and Analysis, Continued

Figure 8 Condensed Budgetary Comparison - General Fund for the year ended June 30, 2023

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual with encumbrances</u>	<u>Total dollar variance</u>
Revenue:				
Real property taxes	\$ 124,247,480	124,247,480	122,657,440	(1,590,040)
Other tax and nonproperty tax items	17,072,203	16,942,203	17,525,497	583,294
State sources	114,620,812	114,620,812	112,360,862	(2,259,950)
Other	<u>3,331,001</u>	<u>3,461,001</u>	<u>5,712,913</u>	<u>2,251,912</u>
Total revenue	259,271,496	259,271,496	258,256,712	(1,014,784)
Appropriated fund balance, reserves	<u>6,792,000</u>	<u>9,457,547</u>	<u>3,784,877</u>	<u>(5,672,670)</u>
Budget total	\$ <u>266,063,496</u>	<u>268,729,043</u>	<u>262,041,589</u>	<u>(6,687,454)</u>
Expenses:				
General support	33,128,228	42,914,007	40,600,302	2,313,705
Instruction	144,804,224	142,272,558	138,918,244	3,354,314
Transportation	10,080,154	10,695,915	8,812,276	1,883,639
Employee benefits	51,780,256	50,630,305	50,395,397	234,908
Debt service	21,421,568	21,421,568	23,256,733	(1,835,165)
Transfer to other funds	<u>4,849,066</u>	<u>794,690</u>	<u>437,546</u>	<u>357,144</u>
Total expenditures	\$ <u>266,063,496</u>	<u>268,729,043</u>	<u>262,420,498</u>	<u>6,308,545</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the District had invested in a broad range of capital assets. Capital assets showed a net decrease of \$10,634,467 from June 30, 2022 as shown in Figure 9 as follows.

Figure 9	<u>Capital Assets (Net of Depreciation)</u>		
<u>Category</u>	<u>2023</u>	<u>2022*</u>	<u>Change</u>
Land	\$ 1,218,501	1,218,501	-
Improvements other than buildings	15,979,367	15,882,266	97,101
Construction-in-progress	812,737	885,483	(72,746)
Buildings and improvements	221,513,913	229,523,127	(8,009,214)
Machinery and equipment	5,411,096	6,339,887	(928,791)
Right-to-use lease assets	<u>3,046,302</u>	<u>4,767,119</u>	<u>(1,720,817)</u>
Total	\$ <u>247,981,916</u>	<u>258,616,383</u>	<u>(10,634,467)</u>

*Restated for prior period adjustment detailed in note 14.

CITY SCHOOL DISTRICT OF MOUNT VERNON
Management's Discussion and Analysis, Continued

Figure 9, Continued

Capital asset activity for the year ended June 30, 2023 included the following:

Balance at June 30, 2022*	\$ <u>258,616,383</u>
Additions:	
Construction in progress	97,101
Machinery and equipment	<u>678,260</u>
Total additions	775,361
Less depreciation and amortization expense	<u>(11,409,828)</u>
Total activity	<u>(10,634,467)</u>
Balance at June 30, 2023	\$ <u>247,981,916</u>

*Restated for prior period adjustment detailed in note 14.

Debt Administration

Long-term debt decreased \$14,821,910 in 2023, as shown in Figure 10.

Figure 10

	<u>Outstanding Debt</u>			Percentage
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>Change</u>
Bonds payable	\$ 129,772,119	143,444,626	(13,672,507)	-9.53%
Energy performance contracts	28,421,950	31,364,157	(2,942,207)	-9.38%
Lease liabilities	3,131,689	4,874,326	(1,742,637)	-35.75%
Net pension liability - ERS	8,760,461	-	8,760,461	100.00%
Net pension liability - TRS	10,365,395	-	10,365,395	100.00%
Compensated absences	1,710,702	1,710,929	(227)	-0.01%
Total OPEB liability	<u>319,336,379</u>	<u>334,926,567</u>	<u>(15,590,188)</u>	-4.65%
Total long-term debt	\$ <u>501,498,695</u>	<u>516,320,605</u>	<u>(14,821,910)</u>	-2.87%

Additional information on the maturities and terms of the District's outstanding debt can be found in the notes to these financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

Voters approved the proposed 2023-2024 budget in the amount of \$265,969,821. As state aid levels have continued to increase over the past three years, the District has been able to limit increases in property taxes.

CITY SCHOOL DISTRICT OF MOUNT VERNON
Management's Discussion and Analysis, Continued

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the 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

CITY SCHOOL DISTRICT OF MOUNT VERNON
Statement of Net Position
June 30, 2023

Assets:	
Current assets:	
Cash and equivalents:	
Unrestricted	\$ 14,049,383
Restricted	9,081,271
Receivables:	
Taxes	26,726,060
State and Federal aid	22,024,812
Due from other governments, net	1,453,271
Other	1,027,943
Inventory	2,026
Capital assets, net	<u>247,981,916</u>
Total assets	<u>322,346,682</u>
Deferred outflows of resources:	
Deferred charge on bond refundings	948,860
Pensions	64,542,326
Other postemployment benefits	<u>74,660,657</u>
Total deferred outflows of resources	<u>140,151,843</u>
Liabilities:	
Current liabilities:	
Accounts payable	13,866,863
Accrued liabilities	1,715,846
Due to employees' retirement systems	656,513
Due to teachers' retirement systems	11,856,124
Overpayments	960,280
Unearned revenue	<u>5,358,996</u>
Total current liabilities	<u>34,414,622</u>
Long-term liabilities:	
Due and payable within one year:	
Bonds payable	13,133,139
Energy performance contracts	3,022,700
Lease liabilities	1,457,271
Due and payable within more than one year:	
Bonds payable	116,638,980
Energy performance contracts	25,399,250
Lease liabilities	1,674,418
Compensated absences	1,710,702
Net pension liability - employees' retirement system	8,760,461
Net pension liability - teachers' retirement system	10,365,395
Total OPEB liability	<u>319,336,379</u>
Total long-term liabilities	<u>501,498,695</u>
Total liabilities	<u>535,913,317</u>
Deferred inflows of resources:	
Pensions	5,624,905
Other postemployment benefits	<u>157,411,646</u>
Total deferred inflows of resources	<u>163,036,551</u>
Net position (deficit):	
Net investment in capital assets	93,316,000
Restricted	3,337,525
Unrestricted (deficit)	<u>(333,104,868)</u>
Total net position (deficit)	<u>\$ (236,451,343)</u>

See accompanying notes to financial statements.

CITY SCHOOL DISTRICT OF MOUNT VERNON
Statement of Activities
Year ended June 30, 2023

		Program Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Net Expense and Changes in Net Position
Functions and Programs:				
General support	\$ 50,527,972	94,516	-	(50,433,456)
Instruction	224,582,793	871,967	26,696,513	(197,014,313)
Transportation	12,182,866	-	-	(12,182,866)
Cost of food sales	5,474,383	3,088	5,110,250	(361,045)
Interest	4,864,361	-	-	(4,864,361)
Total functions and program	\$ 297,632,375	969,571	31,806,763	(264,856,041)
General revenue:				
Real property taxes				121,905,523
Other tax and non-property tax items				17,525,497
Use of money and property				405,052
Sale of property and compensation for loss				601,866
Medicaid reimbursement				6,924
State sources				112,360,862
Miscellaneous				1,958,348
Interfund revenue				265,566
Total general revenue				255,029,638
Change in net position				(9,826,403)
Net position at beginning of year, as previously stated				(228,677,054)
Prior period adjustments (note 14)				2,052,114
Net position at beginning of year, as restated				(226,624,940)
Net position at end of year				\$(236,451,343)

See accompanying notes to financial statements.

CITY SCHOOL DISTRICT OF MOUNT VERNON
Balance Sheet - Governmental Funds
June 30, 2023

<u>Assets</u>	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>School Food Service Fund</u>	<u>Miscellaneous Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Cash and equivalents:						
Unrestricted	\$ 13,949,623	63,073	36,687	-	-	14,049,383
Restricted	4,295,842	-	-	220,091	4,565,338	9,081,271
Receivables:						
Taxes	26,726,060	-	-	-	-	26,726,060
State and Federal aid	4,794,158	15,901,361	1,329,293	-	-	22,024,812
Due from other governments	1,453,271	-	-	-	-	1,453,271
Due from other funds	15,113,785	209,586	-	-	-	15,323,371
Other	1,027,943	-	-	-	-	1,027,943
Inventory	-	-	2,026	-	-	2,026
Total assets	<u>\$ 67,360,682</u>	<u>16,174,020</u>	<u>1,368,006</u>	<u>220,091</u>	<u>4,565,338</u>	<u>89,688,137</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>						
Liabilities:						
Accounts payable	12,487,314	856,513	523,036	-	-	13,866,863
Accrued liabilities	483,195	-	11,807	-	-	495,002
Due to other funds	209,586	14,958,511	122,510	19,300	13,464	15,323,371
Due to employees' retirement system	656,513	-	-	-	-	656,513
Due to teachers' retirement system	11,856,124	-	-	-	-	11,856,124
Overpayments	960,280	-	-	-	-	960,280
Unearned revenue	5,000,000	358,996	-	-	-	5,358,996
Total liabilities	<u>31,653,012</u>	<u>16,174,020</u>	<u>657,353</u>	<u>19,300</u>	<u>13,464</u>	<u>48,517,149</u>
Deferred inflows of resources - unavailable revenue	<u>24,279,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,279,842</u>
Fund balance:						
Nonspendable	-	-	2,026	-	-	2,026
Restricted	4,295,842	-	-	200,791	4,551,874	9,048,507
Assigned	5,845,661	-	708,627	-	-	6,554,288
Unassigned	1,286,325	-	-	-	-	1,286,325
Total fund balance	<u>11,427,828</u>	<u>-</u>	<u>710,653</u>	<u>200,791</u>	<u>4,551,874</u>	<u>16,891,146</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 67,360,682</u>	<u>16,174,020</u>	<u>1,368,006</u>	<u>220,091</u>	<u>4,565,338</u>	<u>89,688,137</u>

See accompanying notes to financial statements.

CITY SCHOOL DISTRICT OF MOUNT VERNON
Reconciliation of Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2023

Total governmental fund balance	\$ 16,891,146
Amounts reported for governmental activities in the statement of net position position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Historical cost	\$ 385,517,757
Accumulated depreciation/amortization	<u>(137,535,841)</u> 247,981,916
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pensions and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows of resources:	
Pensions	64,542,326
Other postemployment benefits	74,660,657
Deferred inflows of resources:	
Pensions	(5,624,905)
Other postemployment benefits	<u>(157,411,646)</u> (23,833,568)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds - real property taxes	24,279,842
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds:	
Accrued interest payable	(1,220,844)
Bonds payable	(118,345,000)
Energy performance contracts	(28,421,950)
Lease liabilities	(3,131,689)
Compensated absences	(1,710,702)
Net pension liability - employees' retirement system	(8,760,461)
Net pension liability - teachers' retirement system	(10,365,395)
Total OPEB liability	<u>(319,336,379)</u> <u>(491,292,420)</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 refundings	948,860
Premium on general obligation bonds	<u>(11,427,119)</u> <u>(10,478,259)</u>
Total net position	<u>\$ (236,451,343)</u>

See accompanying notes to financial statements.

CITY SCHOOL DISTRICT OF MOUNT VERNON
Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds
Year ended June 30, 2023

	General <u>Fund</u>	Special Aid <u>Fund</u>	School Food Service <u>Fund</u>	Miscellaneous Special Revenue <u>Fund</u>	Capital Projects <u>Fund</u>	Total Governmental <u>Funds</u>
Revenue:						
Real property taxes	\$ 122,657,440	-	-	-	-	122,657,440
Other tax items	14,298,512	-	-	-	-	14,298,512
Non-property taxes	3,226,985	-	-	-	-	3,226,985
Charges for services	966,483	-	-	-	-	966,483
Use of money and property	405,052	-	-	-	-	405,052
Sale of property and compensation for loss	601,866	-	-	-	-	601,866
Interfund revenue	265,566	-	-	-	-	265,566
Medicaid reimbursement	6,924	-	-	-	-	6,924
Food sales	-	-	3,088	-	-	3,088
State sources	112,360,862	6,674,062	70,522	-	-	119,105,446
Federal sources	2,529,086	17,493,365	5,039,728	-	-	25,062,179
Miscellaneous	937,936	773,777	13	246,622	-	1,958,348
Total revenue	<u>258,256,712</u>	<u>24,941,204</u>	<u>5,113,351</u>	<u>246,622</u>	<u>-</u>	<u>288,557,889</u>
Expenditures:						
General support	40,433,069	380,470	-	-	-	40,813,539
Instruction	138,765,068	19,510,187	-	232,927	-	158,508,182
Transportation	8,812,276	3,301,438	-	-	-	12,113,714
Employee benefits	50,336,897	2,186,655	-	-	-	52,523,552
Cost of food sales	-	-	4,642,760	-	-	4,642,760
Debt service:				-		
Principal	17,339,844	-	-	-	-	17,339,844
Interest	5,916,889	-	-	-	-	5,916,889
Capital outlay	-	-	-	-	97,101	97,101
Total expenditures	<u>261,604,043</u>	<u>25,378,750</u>	<u>4,642,760</u>	<u>232,927</u>	<u>97,101</u>	<u>291,955,581</u>
Excess (deficiency) of revenue over expenditures	<u>(3,347,331)</u>	<u>(437,546)</u>	<u>470,591</u>	<u>13,695</u>	<u>(97,101)</u>	<u>(3,397,692)</u>
Other financing sources and (uses):						
Transfers in	-	437,546	-	-	-	437,546
Transfers out	(437,546)	-	-	-	-	(437,546)
Total other financing sources and (uses)	<u>(437,546)</u>	<u>437,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(3,784,877)</u>	<u>-</u>	<u>470,591</u>	<u>13,695</u>	<u>(97,101)</u>	<u>(3,397,692)</u>
Fund balance at beginning of year, as previously stated	15,212,705	-	240,062	187,096	2,534,442	18,174,305
Prior period adjustment (note 14)	-	-	-	-	2,114,533	2,114,533
Fund balance at beginning of year, as restated	<u>15,212,705</u>	<u>-</u>	<u>240,062</u>	<u>187,096</u>	<u>4,648,975</u>	<u>20,288,838</u>
Fund balance at end of year	<u>\$ 11,427,828</u>	<u>-</u>	<u>710,653</u>	<u>200,791</u>	<u>4,551,874</u>	<u>16,891,146</u>

See accompanying notes to financial statements.

CITY SCHOOL DISTRICT OF MOUNT VERNON
Reconciliation of the Statement of Revenue, Expenditures and Changes in
in Fund Balance - Governmental Funds to the Statement of Activities
Year ended June 30, 2023

Net change in fund balance		\$ (3,397,692)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay 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	\$ 775,361	
Depreciation/amortization expense	<u>(11,409,828)</u>	(10,634,467)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds - real property taxes		(751,917)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Principal paid on bonds payable	12,655,000	
Principal paid on energy performance contracts	2,942,207	
Principal paid on lease liabilities	1,742,637	
Accrued interest	165,401	
Amortization of deferred charges on bond refundings	1,017,507	
Amortization of premiums on bonds payable	<u>(130,380)</u>	18,392,372
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	227	
Net pension liability - employees' retirement system	(12,480,592)	
Net pension liability - teachers' retirement system	(109,765,298)	
Total OPEB liability	15,590,188	
Deferred outflows of resources:		
Employees' retirement system	(1,017,807)	
Teachers' retirement system	324,001	
Other postemployment benefits	(18,412,987)	
Deferred inflows of resources:		
Employees' retirement system	12,303,909	
Teachers' retirement system	106,137,761	
Other postemployment benefits	<u>(6,114,101)</u>	<u>(13,434,699)</u>
Change in net position of governmental activities		<u>\$ (9,826,403)</u>

See accompanying notes to financial statements.

CITY SCHOOL DISTRICT OF MOUNT VERNON
Statement of Changes in Fiduciary Net Position - Fiduciary Fund
Year ended June 30, 2023

	<u>Custodial Fund</u>
Additions - real property taxes collected for other governments	\$ 4,779,094
Deductions - payments of real property taxes to other governments	<u>4,779,094</u>
Net change in fiduciary net position	-
Fiduciary net position at beginning of year	<u>-</u>
Fiduciary net position at end of year	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies

The City School District of Mount Vernon (the 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 District and is elected by the voters of the District. The Superintendent serves as the chief executive officer. The 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 District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 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 District, (b) organizations for which the District is financially accountable and (c) other organizations for which the nature and significance of their relationship with the 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 District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the 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 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 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.

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(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 District as a whole. The effect of interfund activity has been removed from these statements, except for interfund services provided and used.

The statement of net position presents the financial position of the 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 revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue 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 revenue is reported as general revenue. The 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.

(c) Fund Financial Statements

The accounts of the 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, revenue 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 District maintains the minimum number of funds consistent with legal and managerial requirements. The District's resources are reflected in the fund financial statements in two broad fund categories, in accordance with GAAP as follows:

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Fund Financial Statements, Continued

Fund Categories

(1) Governmental Funds - Governmental Funds are those through which most government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds, each displayed in a separate column.

The District reports that following major governmental funds.

General Fund - The General Fund constitutes the primary fund of the 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.

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 revenue of this fund is Federal and State aid.

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

Miscellaneous Special Revenue Fund - The Miscellaneous Special Revenue Fund is used to account for assets held by the District in accordance with grantor or contributor stipulations for scholarships and the extraclassroom activity funds.

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.

(2) Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the 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 and Basis of Accounting

The District-Wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are Fiduciary Funds. Revenue is 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 revenue 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 satisfied.

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Measurement Focus and Basis of Accounting, Continued

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considered all revenue to be available if the revenue is collected within 90 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year, and tuition revenue which is considered to be available if collected within one year after the end of the fiscal year.

Expenditures are recorded when the related governmental fund liability is incurred, except for principal and interest on general long-term debt, claims and judgements, compensated absences, pensions and other postemployment benefits, which are recognized as expenditures in governmental funds, generally when payment is due. Proceeds from general long-term debt are reported as other financing sources.

(e) Property Taxes

Real property taxes are levied annually by the Board of Education no later than October 1st, and become a lien on July 1st. Prior to the year ended June 30, 2021, the District would bill and collect real property taxes through February 20th each year. After February 20th, the District would submit a statement of unpaid taxes to the City of Mount Vernon (the City). The City was to collect and remit those real property taxes to the District within two years. Due to remittance issues, beginning in the year ended June 30, 2021, the District began billing and collecting its real property taxes beyond February 20th, and the City is no longer involved in the collection and remittance process.

The District enforces real property taxes. Real property taxes receivables expected to be collected within 60 days of the year-end, less similar amounts collected during this period in the preceding year are recognized as revenue. Otherwise unavailable revenue offsets real property taxes receivable.

As of June 30, 2023, the District's tax abatement programs include abatements on property taxes made by the Mount Vernon Industrial Development Agency. All property taxes abated are performed through Payment In Lieu of Tax (PILOT) agreements. The PILOT agreements are made to support economic development activities. As of June 30, 2023, total PILOT payments recognized were \$2,262,012 and total taxes abated were \$2,452,699 for the District.

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

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Cash and Equivalents, Investments and Risk Disclosure, Continued

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 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 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 District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the 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 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 District's name. The District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk as of June 30, 2023.

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 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 District's investment policy limits the amount on deposit at each of its banking institutions.

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Other Receivables

Other receivables include amounts due from other governments and individuals for services provided by the District. Receivables are recorded and revenue is recognized when earned or as specific program expenditures are incurred. An allowance for uncollectible accounts is established for certain amounts that management deems may not be collectible. There was no allowance for doubtful accounts as of June 30, 2023.

(h) Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, net pension liabilities and related deferred outflows and inflows of resources, compensated absences, other postemployment benefits, potential contingent liabilities and useful lives of long-lived assets.

(i) Due From/To Other Funds

During the course of its operations, the 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, 2023, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

(j) Inventory and Prepaid Items

Inventory of food in the School Food Service Fund is recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventorable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-Wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

Nonspendable fund balance for those non-liquid assets (inventory and prepaid items) has been recognized to signify that a portion of the fund balance is not available for other subsequent expenditure.

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(k) 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 District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of donation. 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 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 in the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

(l) Unearned Revenue

Unearned revenue arise when assets are recognized before revenue recognition criteria have been satisfied. In the District-Wide financial statements, unearned revenue consist of revenue received in advance and/or grants received before the eligibility requirements have been met.

Unearned revenue 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 District has reported unearned revenue of \$5,000,000 in the General Fund and \$358,996 in advances in the Special Aid Fund. Such amounts have been deemed to be measurable but not earned pursuant to generally accepted accounting principles.

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

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

Deferred outflows of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditures) until then. The government has four items that qualify for reporting in this category. The first item is related to the deferred charges on refunding of bonds. The second item is related to pensions reported in the District-Wide statement of net position. This represents the effect of the net change in the District's proportion of the collective net pension systems (ERS and TRS Systems) and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third is the District contributions to the pension systems subsequent to the measurement dates. The fourth item is changes in assumptions or other inputs, and differences between expected and actual experience related to the other postemployment benefits liability.

Deferred inflows of resources represents an acquisition of net position/fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-Wide statement of net position and represents the effect of the net change in the District's proportion of the collective net position systems (TRS and ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is changes in assumptions or other inputs, and differences between expected and actual experience related to the other postemployment benefits liability. The third item arises under a modified accrual basis of accounting as is reported as unavailable revenue for taxes where collection of revenue will not occur in the period of availability.

(n) 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 expenditures.

(o) Leases

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

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(o) Leases, Continued

At the commencement of a lease, the 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 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 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 District generally uses its estimated incremental borrowing rate as the discount rate for leases.

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 District is reasonably certain to exercise. The 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 capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

(p) 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.

(q) Net Pension (Liability) Asset

The net pension (liability) asset represents the 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."

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(r) Other Postemployment Benefit Liability (OPEB)

In addition to providing pension benefits, the 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."

(s) Equity Classifications

(1) District-Wide Statements

In the District-Wide financial statements there are three classes of net position:

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

Restricted - reports net position when constraints placed on the assets or/deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted - the balance of net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

(2) Governmental Fund Statements

In the governmental fund statements there are five classifications of fund balance:

Nonspendable - includes amounts that cannot be spent because they are either not in spendable form; legally or contractually required to be maintained intact. Nonspendable fund balance includes inventory of \$2,026 in the School Food Service Fund.

Restricted - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Reserve for Workers' Compensation - is used to reserve funds to be used to pay for workers' compensation and benefits, related medical/hospital expenses, and self-insurance administrative costs as authorized by Article 2 of the Workers' Compensation law. This reserve is accounted for in the General Fund.

Reserve for Unemployment Benefits - is used to reserve funds to be used for a specific purpose in accordance with General Municipal Law (GML) §6-m of the State of New York. This reserve is accounted for in the General Fund.

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(s) Equity Classifications, Continued

(2) Governmental Fund Statements, Continued

Reserve for ERS Retirement Contributions - is used to reserve funds to be used for ERS retirement costs in accordance with GML §6-r of the State of New York. This reserve is accounted for in the General Fund.

Reserve for TRS Retirement Contributions - is used to reserve funds to be used for TRS retirement costs in accordance with GML §6-r of the State of New York. This reserve is accounted for in the General Fund.

Reserve for Tax Certiorari - is used to reserve funds to be used for anticipated judgment, and claims arising out of tax certiorari proceedings in accordance with EL §3651.1-a of the State of New York. This reserve is accounted for in the General Fund.

Reserve for Employee Benefit Accrued Liability - is used to reserve funds for the payment of accrued employee benefits due to an employee upon termination of the employee's service in accordance with GML §6-p. This reserve is accounted for in the General Fund.

Reserve for Debt Service - is used to cover debt service payments on outstanding obligations after the sale of district capital assets or improvements. Expenditures are for debt service only or for the purpose of retiring outstanding obligations. This reserve is accounted for in the General Fund.

Reserve for Capital Projects - is used to reserve fund restricted in accordance with the EL §3651 of the State of New York to pay for costs of construction, reconstruction, renovation, expansion and equipping of District buildings and facilities through payments received by the District from the Fair Share Mitigation fund and/or any other legally available funds of the District. This reserve is accounted for in the Capital Projects Fund.

Reserve for Scholarships - is used to reserve funds for various scholarship awards. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

Reserve for Extraclassroom - is used to reserve funds for extraclassroom activity funds. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

CITY SCHOOL DISTRICT OF MOUNT VERNON
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(s) Equity Classifications, Continued

(2) Governmental Fund Statements, Continued

Restricted balance includes the following:

General Fund:

Workers' compensation reserve	\$ 24,980
Unemployment benefits reserve	11,191
Retirement contributions reserves	273,508
Employee benefit accrued liability reserve	170,246
Debt service reserve	3,815,917

Miscellaneous Special Revenue Fund:

Scholarships	92,051
Extraclassroom activities	108,740

Capital Projects Fund - capital projects reserve 4,551,874

Total restricted funds \$ 9,048,507

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Districts highest level of decision making authority, i.e., the Board of Education (Board). The District has no committed fund balance as of June 30, 2023.

Assigned - Includes amounts that can only be used by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as assigned fund balance. Encumbrances reported in the General Fund amounted to \$378,909. Additionally, \$5,466,752 has been appropriated for the 2023-2024 budget and recorded as assigned fund balance.

Unassigned - Includes all other General Fund fund balance that does not meet the definition of the above four classifications and are deemed to be available for general use by the District.

NYS Real Property Law 1318 limits the amount of unexpected surplus funds a District can retain to no more than 4% of the District's budget for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(s) Equity Classifications, Continued

(2) Governmental Fund Statements, Continued

Order of Use of Fund Balance

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as assigned fund balance to the extent available. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

(t) 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.

(u) Subsequent Events

Management has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(2) Explanation of Certain Differences Between Governmental Fund Statements and District-Wide Statements

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-Wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the statement of activities, compared with the current financial resources focus of the governmental funds.

(a) Total Fund Balance of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the statement of net position. This difference primarily results from the additional long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets.

(b) Statement of Revenue, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the funds statement of revenue, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories.

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements, Continued

(2) Explanation of Certain Differences Between Governmental Fund Statements and District-Wide Statements, Continued

(b) Statement of Revenue, Expenditures and Changes in Fund Balance vs. Statement of Activities, Continued

(i) Long-term revenue and expense differences

Long-term revenue differences arise because governmental funds report revenue only when they are considered available, whereas the statement of activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.

(ii) Capital related differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.

(iii) Long-term debt transaction differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

(3) Stewardship, Compliance and Accountability

(a) Budgetary Data

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

- (1) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- (2) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- (3) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- (4) The voters are permitted to vote upon the General Fund budget at the annual meeting.

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements, Continued

(3) Stewardship, Compliance and Accountability, Continued

(a) Budgetary Data, Continued

- (5) 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.
- (6) Formal budgetary integration is employed during the year as a management control device for the General Fund.
- (7) 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 Food Service or Miscellaneous Special Revenue 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.
- (8) 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.
- (9) 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 New York State Office of the State Comptroller.

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

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements, Continued

(3) Stewardship, Compliance and Accountability, Continued

(b) 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, a district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of 4% of the prior year's budget or 120% of the consumer price index (CPI).

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

(c) Expenditures in Excess of Budget

Certain individual budgetary line items exceeded their budgetary authorization in the General Fund.

(4) Cash and Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these notes.

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements, Continued

(4) Cash and Equivalents, Continued

The District's aggregate bank balances, includes balances not covered by depository insurance as of June 30, 2023, are collateralized as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
Governmental activities	\$ <u>23,130,654</u>	<u>27,289,298</u>
Insured by FDIC		\$ 767,161
Insured by collateral		<u>26,522,137</u>
Total cash and equivalents		\$ <u>27,289,298</u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$9,081,271 within the governmental funds.

(5) Taxes Receivable

Taxes receivable as of June 30, 2023 consisted of the following:

Current year	\$ 7,569,039
Prior years	<u>19,157,021</u>
	\$ <u>26,726,060</u>

Taxes receivable in the fund financial statements are partially offset by deferred tax revenue of \$24,279,842, which represents the taxes receivable which were not collected within the first sixty days of the subsequent year.

(6) Receivables

Receivables as of June 30, 2023, are summarized as follows:

<u>Description</u>	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>School Food Service Fund</u>	<u>Total</u>
Due from State and Federal	\$ 4,794,158	15,901,361	1,329,293	22,024,812
Due from other governments	1,453,271	-	-	1,453,271
Other	<u>1,027,943</u>	<u>-</u>	<u>-</u>	<u>1,027,943</u>
Total	\$ <u>7,275,372</u>	<u>15,901,361</u>	<u>1,329,293</u>	<u>24,506,026</u>

The District has deemed all receivables to be collectible.

CITY SCHOOL DISTRICT OF MOUNT VERNON
Notes to Financial Statements, Continued

(7) Capital Assets

Capital assets balances and activity for the year ended June 30, 2023 are as follows:

	Balance <u>July 1, 2022*</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2023</u>
Capital assets, not being depreciated:				
Land	\$ 1,218,501	-	-	1,218,501
Construction-in-progress	<u>15,882,266</u>	<u>97,101</u>	-	<u>15,979,367</u>
Total capital assets, not being depreciated	<u>17,100,767</u>	<u>97,101</u>	-	<u>17,197,868</u>
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	22,733,774	678,260	-	23,412,034
Right-to-use leased equipment	<u>9,402,565</u>	-	-	<u>9,402,565</u>
Total capital assets, being depreciated/amortized	<u>367,641,629</u>	<u>678,260</u>	-	<u>368,319,889</u>
Less accumulated depreciation/amortization for:				
Improvements other than buildings	1,795,284	72,746	-	1,868,030
Buildings and improvements	103,301,396	8,009,214	-	111,310,610
Machinery and equipment	16,393,887	1,607,051	-	18,000,938
Right-to-use leased equipment	<u>4,635,446</u>	<u>1,720,817</u>	-	<u>6,356,263</u>
Total accumulated depreciation/ amortization, net	<u>126,126,013</u>	<u>11,409,828</u>	-	<u>137,535,841</u>
Capital assets, net	<u>\$ 258,616,383</u>	<u>(10,634,467)</u>	-	<u>247,981,916</u>

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

General support	\$ 1,793,563
Instruction	9,436,830
Transportation	32,263
Cost of food sales	<u>147,172</u>
Total depreciation/amortization expense	\$ <u>11,409,828</u>

*Restated for prior period adjustment as detailed in note 14.

CITY SCHOOL DISTRICT OF MOUNT VERNON
Notes to Financial Statements, Continued

(8) Long-Term Liabilities

The following table summarizes changes in the District's long-term liabilities for the year ended June 30, 2023:

	Balance <u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2023</u>	Due Within <u>One-Year</u>
Bonds payable:					
Judgments and claims	\$ 540,000	-	265,000	275,000	275,000
Capital construction	<u>130,460,000</u>	-	<u>12,390,000</u>	<u>118,070,000</u>	<u>11,845,000</u>
	131,000,000	-	12,655,000	118,345,000	12,120,000
Plus - unamortized premium on bonds	<u>12,444,626</u>	-	<u>1,017,507</u>	<u>11,427,119</u>	<u>1,013,139</u>
	<u>143,444,626</u>	-	<u>13,672,507</u>	<u>129,772,119</u>	<u>13,133,139</u>
Energy performance contracts	<u>31,364,157</u>	-	<u>2,942,207</u>	<u>28,421,950</u>	<u>3,022,700</u>
Leases liabilities	<u>4,874,326</u>	-	<u>1,742,637</u>	<u>3,131,689</u>	<u>1,457,271</u>
Other non-current liabilities:					
Compensated absences	1,710,929	-	227	1,710,702	-
Net pension liability - ERS	-	8,760,461	-	8,760,461	-
Net pension liability - TRS	-	10,365,395	-	10,365,395	-
Total OPEB liability	<u>334,926,567</u>	-	<u>15,590,188</u>	<u>319,336,379</u>	-
Total other non-current liabilities	<u>336,637,496</u>	<u>19,125,856</u>	<u>15,590,415</u>	<u>340,172,937</u>	-
Total long-term liabilities	<u>\$ 516,320,605</u>	<u>19,125,856</u>	<u>33,947,766</u>	<u>501,498,695</u>	<u>17,613,110</u>

The District's indebtedness for bonds payable, energy performance contracts, lease liabilities, compensated absences, net pension liabilities and the total OPEB liability is satisfied by the General Fund.

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements, Continued

(8) Long-Term Liabilities, Continued

Bonds Payable

Bonds payable as of June 30, 2023 are comprised of the following individual issues:

	Year of <u>Issue</u>	Original Issue <u>Amount</u>	Final <u>Maturity</u>	Interest <u>Rates</u>	Balance <u>June 30, 2023</u>
Refunding bonds	2012	\$ 24,640,000	August 2031	3.500 - 5.000%	2,405,000
District-Wide improvements	2012	1,570,000	August 2027	2.500 - 3.000%	605,000
Tax certiorari judgments	2014	2,500,000	March 2024	2.750 - 3.000%	275,000
Refunding bonds	2014	39,655,000	September 2035	3.375 - 5.000%	19,710,000
Refunding bonds	2015	15,990,000	July 2027	2.250 - 5.000%	7,460,000
District-Wide EXCEL project	2015	9,665,000	August 2030	2.375 - 5.000%	5,770,000
District-Wide improvements	2017	50,070,000	August 3032	3.000 - 5.000%	35,960,000
District-Wide improvements	2018	32,000,000	December 2033	4.000 - 5.000%	26,255,000
District-Wide improvements	2019	22,275,000	December 2034	2.375 - 5.000%	19,905,000
					<u>\$ 118,345,000</u>

Interest on bonds payable was composed of:

Interest expenditures	\$ 4,992,369
Less prior year accrued interest	(1,301,061)
Plus current year accrued interest	1,143,654
Less amortization of bond premiums	(1,017,507)
Plus amortization of deferred charges on bond refundings	<u>130,380</u>
Total interest expense	\$ <u>3,947,835</u>

Remedies Upon Default

In the event of a default in the payment of the principal of and/or interest on the Bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withhold to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Bonds. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes issued by the school districts in the State for school purposes provides that it will not repeal, revoke or rescind the provisions of Section 99-b, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

CITY SCHOOL DISTRICT OF MOUNT VERNON
Notes to Financial Statements, Continued

(8) Long-Term Liabilities, Continued

Energy Performance Contract Debt Payable

The District 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 payment terms. The balance due as of June 30, 2023 was \$28,421,950.

Interest on energy performance contracts was composed of:

Interest expenditures	\$ 831,992
Less prior year accrued interest	(85,184)
Plus current year accrued interest	<u>77,190</u>
Total interest expense	\$ <u>823,998</u>

Installment Purchase Agreements

Installment purchase agreements as of June 30, 2023 are comprised of the following individual agreements:

<u>Purpose</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Balance June 30, 2023</u>
Equipment	\$ 2,194,449	2024	3.92%	239,267
Equipment	2,199,767	2025	2.22%	610,658
Equipment	2,057,392	2026	1.82%	1,017,773
Equipment	142,323	2026	2.99%	83,249
Equipment	41,398	2027	0.00%	28,289
Equipment	796,648	2027	1.25%	549,739
Equipment	772,868	2027	2.99%	<u>602,714</u>
				<u>\$ 3,131,689</u>

Interest expenditures/expense of \$92,528 were recorded in the governmental fund financial statements in the General Fund and in the District-Wide financial statements.

CITY SCHOOL DISTRICT OF MOUNT VERNON
Notes to Financial Statements, Continued

(8) Long-Term Liabilities, Continued

Payments to Maturity

The annual requirements to amortize all outstanding bonds payable, energy performance contracts and lease liabilities as of June 30, 2023, including interest are as follows:

Year Ending June 30,	<u>Bonds Payable</u>		<u>Energy Performance Contracts</u>		<u>Lease Liabilities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 12,120,000	4,404,481	3,022,700	751,499	1,457,271	50,776
2025	11,945,000	3,836,447	3,105,399	668,800	931,123	24,760
2026	11,725,000	3,311,444	3,190,365	583,834	534,584	9,814
2027	11,820,000	2,804,410	3,277,661	496,538	208,711	2,097
2028	10,880,000	2,332,800	3,367,350	406,849	-	-
2029 - 2033	52,695,000	5,637,072	12,458,475	693,664	-	-
2034 - 2036	<u>7,160,000</u>	<u>178,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 118,345,000</u>	<u>22,505,538</u>	<u>28,421,950</u>	<u>3,601,184</u>	<u>3,131,689</u>	<u>87,447</u>

Compensated Absences

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

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

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

The 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 District at the rate of \$75 per day. At retirement, such money will be used by the 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 as of June 30, 2023 was \$1,710,702.

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements, Continued

(9) Pensions

(a) Plan Descriptions and Benefits Provided

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. ERS provides the retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in ERS, the election is irrevocable. The New York 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 District also participates in the Public Employees' Group life insurance Plan (GLIP), 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. This report, including information with regard to benefits provided, may be found at www.osc.state.ny/retire/publications/index.php or obtained in writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. TRS provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members but only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nytrs.org.

CITY SCHOOL DISTRICT OF MOUNT VERNON
Notes to Financial Statements, Continued

(9) Pensions, Continued

(a) Plan Descriptions and Benefits Provided, Continued

Both ERS and TRS are noncontributory except for employees who joined after July 27, 1976, who contribute 3.0% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 6.0% of their salary for their entire length of service. In addition, employee contribution rates (3.0% to 6.0%) under ERS and TRS tier 6 (those who joined after April 1, 2012) vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

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

As of June 30, 2023 the District reported the following liabilities for its proportionate share of the net pension liability for each of the Systems. The net pension liabilities were measured as of March 31, 2023 for ERS and June 30, 2022 for TRS. The total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations. The District's proportion of the net pension liabilities were based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	3/31/2023	6/30/2022
Net pension liability	\$ <u>8,760,461</u>	<u>10,365,395</u>
District's proportion of the System's net pension liability	0.0408527%	0.540176%
Changes in proportion since the prior measurement date	(0.0046558)	(0.033427)

For the year ended June 30, 2023, the District's recognized pension expense of \$3,158,315 for ERS and \$13,636,348 for TRS. As of June 30, 2023 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements, Continued

(9) Pensions, Continued

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

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 933,058	10,861,622	246,027	207,704
Changes of assumptions	4,254,645	20,107,114	47,022	4,175,475
Net difference between projected and actual earnings on pension plan investments	-	13,393,074	51,467	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	765,429	3,233,511	697,510	199,700
District's contributions subsequent to the measurement date	<u>656,513</u>	<u>10,337,360</u>	<u>-</u>	<u>-</u>
Total	\$ <u>6,609,645</u>	<u>57,932,681</u>	<u>1,042,026</u>	<u>4,582,879</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending</u>	<u>ERS</u>	<u>TRS</u>
2024	\$ 1,192,564	8,211,784
2025	(472,130)	4,650,628
2026	1,775,951	(1,032,720)
2027	2,414,721	27,000,695
2028	-	3,836,251
Thereafter	<u>-</u>	<u>345,804</u>
	\$ <u>4,911,106</u>	<u>43,012,442</u>

(c) Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions.

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements, Continued

(9) Pensions, Continued

(c) Actuarial Assumptions, Continued

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Investment rate of return (net of investment expense, including inflation)	5.90%	6.95%
Cost-of-living adjustment	1.50% annually	1.30% annually
Salary increases	4.40% Average	1.95% - 5.18%
Inflation rate	2.90%	2.40%

For ERS, annuitant mortality rates are based on April 1, 2015 - April 1, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis. Active member mortality rates based on Plan member experience.

For ERS, the actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - April 1, 2020. For TRS, the actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2020.

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

The long-term expected rate of return on TRS 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

Notes to Financial Statements, Continued

(9) Pensions, Continued

(c) Actuarial Assumptions, Continued

The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized below:

	ERS		TRS	
	Long-term Expected Rate of Return*	Target Allocation	Long-term Expected Rate of Return *	Target Allocation
Asset type:				
Domestic equity	4.30%	32.00%	6.50%	33.00%
International equity	6.85%	15.00%	7.20%	16.00%
Real estate equity	4.60%	9.00%	6.20%	11.00%
Global equity	-	-	6.90%	4.00%
Domestic fixed income	-	-	1.10%	16.00%
Global bonds	-	-	0.60%	2.00%
High-yield bonds	-	-	3.30%	1.00%
Real estate debt	-	-	2.40%	6.00%
Private equity	7.50%	10.00%	9.90%	8.00%
Private debt	-	-	5.30%	2.00%
Real assets	5.84%	3.00%	-	-
Fixed income	1.50%	23.00%	-	-
Opportunistic/ARS portfolio	5.38%	3.00%	-	-
Credit	5.43%	4.00%	-	-
Cash	-	1.00%	(0.30%)	1.00%
		<u>100.00%</u>		<u>100.00%</u>

* Real rates of return are net of a long-term inflation assumption of 2.90% for ERS and 2.40% for TRS.

(d) Discount Rate

The discount rate used to calculate the total pension liability was 5.90% 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. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements, Continued

(9) Pensions, Continued

(e) Sensitivity of the Proportionate Share of the Net Pension Liabilities to the Discount Rate Assumption

The following presents the District's proportionate share of each net pension liability calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of each net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.90% for ERS and 5.95% for TRS) or 1-percentage point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

ERS	1% Decrease (4.90%)	Current Rate (5.90%)	1% Increase (6.90%)
District's proportionate share of the net pension asset (liability)	\$ (21,170,277)	(8,760,461)	1,609,384
TRS	1% Decrease (5.95%)	Current Rate (6.95%)	1% Increase (7.95%)
District's proportionate share of the net pension asset (liability)	\$ (95,573,806)	(10,365,395)	61,294,318

(f) Pension Plan Fiduciary Net Position

The components of the collective net pension liability of participating employers as of the respective measurement dates, were as follows:

	(Dollars in Millions)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	3/31/2023	6/30/2022
Employers' total pension liability	\$ 232,627	133,883
Plan net position	(211,183)	(131,964)
Employers' net pension liability	\$ <u>21,444</u>	<u>1,919</u>
Ratio of plan net position to the employers' total pension liability	90.78%	98.60%

(g) Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$656,513. This amount has been recorded as an expenditure in the governmental fund statements and a deferred cost in the District-Wide financial statements.

CITY SCHOOL DISTRICT OF MOUNT VERNON
Notes to Financial Statements, Continued

(9) Pensions, Continued

(g) Payables to the Pension Plan, Continued

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$11,856,124 including employees' share. The amount has been recorded as a liability in the governmental fund statements and in the statement of net position.

(h) Voluntary Defined Contribution Plan

The 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 District will contribute 8%. Employer contributions vest after 366 days of service. There were no contributions made to this plan for the year ended June 30, 2023.

(10) Other Postemployment Benefit Liability (OPEB)

(a) Plan Description

In addition to providing pension benefits, the 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 District may vary according to length of service. The cost of providing postemployment health care benefits is shared between the District and the retired employee as noted below. Substantially all of the District's employees may become eligible for those benefits if they reach normal retirement age while working for the District.

There are no assets accumulated in a trust that meet the criteria of GASB Statement No. 75, paragraph 4.

(b) Employees Covered by Benefit Terms

At June 30, 2023, 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>2,078</u>

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements, Continued

(10) Other Postemployment Benefit Liability (OPEB)

(c) Total OPEB Liability

The District's total OPEB liability of \$319,336,379 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2021.

(d) Actuarial Assumptions and Other Inputs

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	Vary by pension retirement system membership.
Discount rate	4.13% - based on the S&P Municipal Bond 20-Year High Grade Index.
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 2023, decreasing to an ultimate rate of 4.04% by 2075.

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.

(e) Changes in the Total OPEB Liability

The District's change in the total OPEB liability for the year ended June 30, 2023 is as follows:

Total OPEB liability - beginning of year	\$ 334,926,567
Service cost	13,297,235
Interest	12,193,939
Differences between expected and actual experience	218,966
Changes in assumptions or other inputs	(33,709,792)
Benefit payments	<u>(7,590,536)</u>
Total OPEB liability - end of year	\$ <u>319,336,379</u>

(f) Sensitivity of the Total OPEB liability to Changes in the Discount Rate

The following presents the District's total OPEB liability calculated using the current discount rate, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.13%) or 1-percentage point higher (5.13%) than the current discount rate:

	1% Decrease (3.13%)	Current Rate (4.13%)	1% Increase (5.13%)
Total OPEB liability	\$ <u>379,423,613</u>	<u>319,336,379</u>	<u>271,757,612</u>

CITY SCHOOL DISTRICT OF MOUNT VERNON
Notes to Financial Statements, Continued

(10) Other Postemployment Benefit Liability (OPEB), Continued

(g) Sensitivity of the Total OPEB liability to Changes in the Healthcare Cost Trend Rates

The following presents the District's total OPEB liability calculated using current healthcare cost trend rates, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ <u>261,484,284</u>	<u>319,336,379</u>	<u>395,667,918</u>

For the year ended June 30, 2023, the District recognized OPEB expense of \$16,527,436 in the District-Wide financial statements. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions or other inputs	\$ 74,469,062	112,374,759
Differences between expected and actual experience	<u>191,595</u>	<u>45,036,887</u>
	\$ <u>74,660,657</u>	<u>157,411,646</u>

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

<u>Year ended June 30,</u>	
2024	\$ (8,963,738)
2025	(8,963,738)
2026	(8,593,959)
2027	(7,805,652)
2028	(22,865,393)
Thereafter	<u>(25,558,509)</u>
	\$ <u>(82,750,989)</u>

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements, Continued

(11) Interfund Transactions

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 15,113,785	209,586	-	437,546
Special aid fund	209,586	14,956,511	437,546	-
School food service fund	-	122,510	-	-
Miscellaneous special revenue fund	-	19,300	-	-
Capital projects	-	13,464	-	-
Total governmental funds	\$ <u>15,323,371</u>	<u>15,323,371</u>	<u>437,546</u>	<u>437,546</u>

Interfund receivables and payables are eliminated on the statement of net position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

(12) 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 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 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 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 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 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 District is contending that any and all cases should be dismissed. However, it is not possible to express an opinion on the outcome of these matters.

CITY SCHOOL DISTRICT OF MOUNT VERNON

Notes to Financial Statements, Continued

(12) Summary Disclosure of Significant Contingencies, Continued

(a) Litigation, Continued

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

The District is a defendant in breach of contract and delay damages actions commenced by contractors who performed services for the 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 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 District anticipates such amounts, if any, to be immaterial.

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

(c) Risk Management

The District purchases a combination of admitted excess insurance coverages from various carriers to reduce its exposure to loss. The District's liability policies provide coverage up to \$10.75 million above the District's retentions and deductibles. The 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 District is part of the New York State Public Schools Workers' Compensation Trust, a self-insurance workers' compensation trust.

(13) Future Implementations of GASB Pronouncements

GASB has issued Statement No. 99 - Omnibus 2022, effective for various periods through fiscal years beginning after June 15, 2023, which will be implemented in the years required. The effects of the implementation of this pronouncement are not known at this time.

CITY SCHOOL DISTRICT OF MOUNT VERNON
Notes to Financial Statements, Continued

(14) Prior Period Adjustments

For the year ended June 30, 2023, it was determined that amounts received in the capital projects fund related to expenditures submitted for reimbursement in prior years for which a receivable was never recorded. Additionally, several right-to-use lease assets were previously reported at incorrect amounts. The District's capital projects fund, fund balance and governmental activities net position as of June 30, 2022 has been restated as follows:

Capital Projects Fund:

Fund balance at beginning of year, as previously stated	\$ 2,534,442
Prior year expenditures reimbursement	<u>2,114,533</u>
Fund balance at beginning of year, as restated	\$ <u>4,648,975</u>

Governmental Activities:

Net position at beginning of year, as previously stated	(228,677,054)
Prior year expenditure reimbursement	2,114,533
Right-to-use lease assets:	
Historical cost	\$ 2,848,152
Accumulated amortization	<u>(2,910,571)</u> <u>(62,419)</u>
Net position at beginning of year, as restated	\$ <u>(226,624,940)</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY SCHOOL DISTRICT OF MOUNT VERNON
Required Supplementary Information
Statement of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
Year ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Final Budget Variance with Actual and Encumbrance</u>
Revenue:					
Real property taxes	\$ 124,247,480	124,247,480	122,657,440	-	(1,590,040)
Other tax items	14,272,203	14,142,203	14,298,512	-	156,309
Non-property taxes	2,800,000	2,800,000	3,226,985	-	426,985
Charges for services	1,238,000	1,238,000	966,483	-	(271,517)
Use of money and property	125,000	125,000	405,052	-	280,052
Sale of property and compensation for loss	200,000	200,000	601,866	-	401,866
Interfund revenue	220,000	220,000	265,566	-	45,566
Medicaid reimbursement	65,000	65,000	6,924	-	(58,076)
State sources	114,620,812	114,620,812	112,360,862	-	(2,259,950)
Federal sources	877,976	877,976	2,529,086	-	1,651,110
Miscellaneous	605,025	735,025	937,936	-	202,911
Total revenue	<u>259,271,496</u>	<u>259,271,496</u>	<u>258,256,712</u>	-	<u>(1,014,784)</u>
Expenditures:					
Current:					
General support	33,128,228	42,914,007	40,433,069	167,233	2,313,705
Instruction	144,804,224	142,272,558	138,765,068	153,176	3,354,314
Transportation	10,080,154	10,695,915	8,812,276	-	1,883,639
Employee benefits	51,780,256	50,630,305	50,336,897	58,500	234,908
Debt service:					
Principal	15,597,207	15,597,207	17,339,844	-	(1,742,637)
Interest	5,824,361	5,824,361	5,916,889	-	(92,528)
Total expenditures	<u>261,214,430</u>	<u>267,934,353</u>	<u>261,604,043</u>	<u>378,909</u>	<u>5,951,401</u>
Excess (deficiency) of revenue over expenditures	(1,942,934)	(8,662,857)	(3,347,331)	(378,909)	(4,936,617)
Other financing sources (uses) - transfers out	<u>(4,849,066)</u>	<u>(794,690)</u>	<u>(437,546)</u>	-	<u>(357,144)</u>
Net change in fund balance	<u>\$ (6,792,000)</u>	<u>(9,457,547)</u>	<u>(3,784,877)</u>	<u>(378,909)</u>	<u>(5,293,761)</u>
Fund balance at beginning of year			<u>15,212,705</u>		
Fund balance at end of year			<u>\$11,427,828</u>		

CITY SCHOOL DISTRICT OF MOUNT VERNON
Required Supplementary Information
Schedule of District's Proportionate Share of the Net Position Asset (Liability)
Year ended June 30, 2023

<u>ERS System</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension asset (liability)	0.0408527%	0.0455085%	0.0518592%	0.0545419%	0.0556532%	0.0557423%	0.0571999%	0.0530303%	0.0523661%
The District's proportionate share of the net pension asset (liability)	\$ (8,760,461)	3,720,131	(51,638)	(14,443,013)	(3,943,200)	(1,799,052)	(5,374,626)	(8,511,507)	(1,769,056)
The District's covered payroll	\$ 16,166,733	16,287,362	16,556,632	18,395,470	18,517,148	17,631,678	17,193,770	156,660,046	15,863,653
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	54.19%	22.84%	0.31%	78.51%	21.29%	10.20%	31.26%	5.43%	11.15%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
 <u>TRS System</u>									
The District's proportion of the net pension asset (liability)	0.540176%	0.573603%	0.603293%	0.624147%	0.624652%	0.623740%	0.607492%	0.606311%	0.607830%
The District's proportionate share of the net pension asset (liability)	\$(10,365,395)	99,399,903	(16,670,620)	16,215,384	11,295,365	4,741,045	(6,506,499)	62,976,396	67,708,478
The District's covered payroll	\$100,460,243	97,432,508	102,683,939	105,845,556	102,637,143	100,002,722	96,735,238	91,126,315	89,785,963
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	10.32%	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	98.60%	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

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

CITY SCHOOL DISTRICT OF MOUNT VERNON
Required Supplementary Information
Schedule of District's Pension Contributions
Year ended June 30, 2023

<u>ERS System</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,038,171	2,446,012	2,444,595	2,465,850	2,407,791	2,439,004	2,492,239	2,552,300	2,757,052
Contribution in relation to the contractually required contribution	<u>2,038,171</u>	<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 deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$ 16,166,733	16,158,187	16,284,493	18,028,144	18,359,996	17,709,333	17,622,287	14,864,717	15,199,078
Contribution as a percentage of covered payroll	12.61%	15.14%	15.01%	13.68%	13.11%	13.77%	14.14%	17.17%	18.14%
<u>TRS System</u>									
Contractually required contribution	\$ 10,337,360	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 in relation to the contractually required contribution	<u>10,337,360</u>	<u>9,377,981</u>	<u>9,285,318</u>	<u>9,097,797</u>	<u>11,240,798</u>	<u>10,058,440</u>	<u>11,720,319</u>	<u>12,827,093</u>	<u>15,974,443</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$ 100,460,243	95,693,684	97,432,508	102,683,939	105,845,556	102,637,143	100,002,722	96,735,238	91,126,315
Contribution as a percentage of covered payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

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

CITY SCHOOL DISTRICT OF MOUNT VERNON
Required Supplementary Information
Schedule of Changes in the District's
Total OPEB Liability and Related Ratios
Year ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 13,297,235	22,463,405	22,026,833	11,514,132	9,918,175	10,448,279
Interest	12,193,939	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	218,966	(33,100,333)	(16,310,759)	(20,034,830)	-	-
Changes of assumptions or other inputs	(33,709,792)	(104,386,117)	4,364,895	126,774,298	19,414,768	(14,506,870)
Benefit payments	<u>(7,590,536)</u>	<u>(7,417,564)</u>	<u>(7,443,746)</u>	<u>(7,265,951)</u>	<u>(7,330,409)</u>	<u>(7,175,202)</u>
Net change in total OPEB liability	(15,590,188)	(112,514,608)	12,651,073	122,236,025	33,062,206	(1,185,542)
Total OPEB liability - beginning	<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>	<u>280,677,413</u>
Total OPEB liability - ending	<u>\$ 319,336,379</u>	<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>
Covered payroll	\$ 122,912,597	106,072,130	108,315,748	116,525,554	119,445,108	115,011,081
Total OPEB liability as a percentage of covered payroll	259.81%	315.75%	413.09%	373.13%	261.67%	243.01%

Notes to schedule:

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
4.13%	3.77%	2.09%	3.50%	3.87%	3.60%

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

There are no assets held in trust that meet the criteria of GASB Statement No. 75, paragraph 4.

OTHER SUPPLEMENTARY INFORMATION

CITY SCHOOL DISTRICT OF MOUNT VERNON
 Other Supplementary Information
 Schedule of Changes from Adopted Budget to Final Budget and
 the Real Property Tax Law Limit Calculation
 Year ended June 30, 2023

Change from adopted budget to final budget:	
Original budget	\$ 266,063,496
Add prior year's encumbrances	<u>1,995,085</u>
Adopted budget	268,058,581
Budget revisions	<u>670,462</u>
Final budget	<u><u>\$ 268,729,043</u></u>

Section 1318 of Real Property Tax Law Limit Calculation

2023-2024 expenditure budget	<u><u>\$ 265,969,821</u></u>
Maximum allowed 4% of 2024 budget	<u><u>\$ 10,638,793</u></u>

General fund fund balance subject to Section 1318 of
 Real Property Tax Law*:

Unrestricted fund balance:	
Assigned fund balance	\$ 5,845,661
Unassigned fund balance	<u>1,286,325</u>
Total unrestricted fund balance	7,131,986
Less:	
Appropriated fund balance	5,466,752
Encumbrances included in assigned fund balance	<u>378,909</u>
Total adjustments	<u>5,845,661</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law	<u><u>\$ 1,286,325</u></u>
Actual percentage	0.48%

* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions," updated April 2011 (originally issued November 2010), the portion of [general fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

CITY SCHOOL DISTRICT OF MOUNT VERNON
Other Supplementary Information
Schedule of Project Expenditures - Capital Projects Fund
June 30, 2023

Project Number	Project	Appropriation	Expenditures and Obligations to Date			Unexpended Balance	Methods of Financing					Fund Balance 6/30/2023
			Prior Year's	Current Year	Total		Proceeds of Obligations	Interfund Transfers	State Aid	Other	Total	
93	District-wide excel project	\$ 20,000,000	19,884,859	-	19,884,859	115,141	12,346,208	-	8,653,184	-	20,999,392	1,114,533
107	Swimming pool renovation	3,121,693	3,121,693	-	3,121,693	-	-	1,800,000	1,000,000	-	2,800,000	(321,693)
113	District-wide infrastructure	108,357,500	102,569,316	75,297	102,644,613	5,712,887	108,355,595	-	-	-	108,355,595	5,710,982
130	Williams bathroom	275,000	252,164	-	252,164	22,836	-	-	-	-	-	(252,164)
125	Mount Vernon High School - Little Hands Playground	400,000	357,634	-	357,634	42,366	-	-	357,634	-	357,634	-
127	Annual Projects 2017-2018	1,400,177	1,198,302	-	1,198,302	201,875	-	1,400,177	-	-	1,400,177	201,875
128	AB Davis Library floor repair	472,580	472,580	-	472,580	-	-	-	-	366,463	366,463	(106,117)
134	Smart Schools Bond Act	7,961,129	4,026,465	21,804	4,048,269	3,912,860	-	-	3,129,479	-	3,129,479	(918,790)
123	Graham School site improvements	1,000,000	1,000,000	-	1,000,000	-	-	-	1,000,000	-	1,000,000	-
135	Annual Projects 2020-2021	600,000	495,449	-	495,449	104,551	-	600,000	-	-	600,000	104,551
136	Culinary arts projects	1,025,054	981,303	-	981,303	43,751	-	-	-	-	-	(981,303)
N/A	Various IPA leases	1,610,914	1,610,914	-	1,610,914	-	-	-	-	1,610,914	1,610,914	-
Total		\$146,224,047	135,970,679	97,101	136,067,780	10,156,267	120,701,803	3,800,177	14,140,297	1,977,377	140,619,654	4,551,874

CITY SCHOOL DISTRICT OF MOUNT VERNON
Other Supplementary Information
Net Investment in Capital Assets
June 30, 2023

Capital assets, net		\$ 247,981,916
Add:		
Unexpended debt proceeds	\$ 5,710,982	
Unamortized portion of loss on refunding bonds	<u>948,860</u>	6,659,842
Less:		
Bonds payable, net of unamortized premiums	129,772,119	
Energy performance contract payable	28,421,950	
Lease liabilities	<u>3,131,689</u>	<u>(161,325,758)</u>
Investment in capital assets, net of related debt		<u>\$ 93,316,000</u>

CITY SCHOOL DISTRICT OF MOUNT VERNON

Federal Grant Compliance Audit

June 30, 2023

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

The Board of Education
City School District of Mount Vernon
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 (the District) as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The 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 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
November 14, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Education
City School District of Mount Vernon
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's (the 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 District's major federal programs for the year ended June 30, 2023. The 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 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, 2023.

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; 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 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 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 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 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 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 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 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 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
November 14, 2023

CITY SCHOOL DISTRICT OF MOUNT VERNON
Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>Assistance Listing Number</u>	<u>Agency or pass-through number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Education</u>				
Passed-through New York State Education Department:				
Special Education Cluster:				
Special Education - Grants to States	84.027	0032-21-1076	\$ 6,073	-
Special Education - Grants to States	84.027	0032-22-1076	52,649	-
Special Education - Grants to States	84.027	0032-23-1076	<u>2,070,664</u>	<u>-</u>
Total Special Education - Grants to States			<u>2,129,386</u>	<u>-</u>
Special Education - Preschool Grants	84.173	0033-22-1076	11,733	-
Special Education - Preschool Grants	84.173	0033-23-1076	<u>66,388</u>	<u>-</u>
Total Special Education - Preschool Grants			<u>78,121</u>	<u>-</u>
Total Special Education Cluster			<u>2,207,507</u>	<u>-</u>
Title I Grants to Local Educational Agencies	84.010	0011-21-3740	8,036	-
Title I Grants to Local Educational Agencies	84.010	0011-22-3740	104,673	-
Title I Grants to Local Educational Agencies	84.010	0011-23-3740	1,380,987	-
Title I Grants to Local Educational Agencies	84.010	0011-23-8062	2,989	-
Title I Grants to Local Educational Agencies	84.010	0011-22-2132	83,070	-
Title I Grants to Local Educational Agencies	84.010	0011-23-2132	<u>2,777</u>	<u>-</u>
Total Title I Grants to Local Educational Agencies			<u>1,582,532</u>	<u>-</u>
English Language Acquisition State Grants	84.365	0149-23-3740	184,889	-
English Language Acquisition State Grants	84.365	0293-22-3740	29,250	-
English Language Acquisition State Grants	84.365	0293-23-3740	<u>79,791</u>	<u>-</u>
Total English Language Acquisition State Grants			<u>293,930</u>	<u>-</u>
Supporting Effective Instruction State Grants	84.367	0147-23-3740	<u>267,758</u>	<u>-</u>
Student Support and Academic Enrichment Program	84.424	0204-22-3740	13,015	-
Student Support and Academic Enrichment Program	84.424	0204-23-3740	<u>7,899</u>	<u>-</u>
Total Student Support and Academic Enrichment Program			<u>20,914</u>	<u>-</u>
COVID-19 Education Stabilization Fund:				
Governor's Emergency Education Relief Fund (GEER)	84.425C	5895-21-3740	228,284	-
Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	5890-21-3740 & 5891-21-3740	6,732,158	-
American Rescue Plan (ARP) ESSER II	84.425U	5880-21-3740	<u>7,659,608</u>	<u>-</u>
Total COVID-19 Education Stabilization Fund			<u>14,620,050</u>	<u>-</u>
Total U.S. Department of Education			<u>18,992,691</u>	<u>-</u>

(Continued)

See notes to schedule of expenditures of federal awards.

CITY SCHOOL DISTRICT OF MOUNT VERNON
Schedule of Expenditures of Federal Awards, Continued

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>Assistance Listing Number</u>	<u>Agency or pass-through number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Agriculture</u>				
Passed through New York State Department of Education -				
Child Nutrition Cluster				
Non-Cash Assistance (Commodities) - National				
School Lunch Program - Commodities	10.555	N/A	\$ 232,129	-
Cash Assistance:				
School Breakfast Program	10.553	N/A	1,442,872	-
National School Lunch Program	10.555	N/A	3,153,590	-
After School Snack Program	10.555	N/A	24,493	-
Summer Food Service Program	10.559	N/A	<u>186,644</u>	<u>-</u>
Total Child Nutrition Cluster			5,039,728	-
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	<u>114,904</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>5,154,632</u>	<u>-</u>
Federal Communications Commission - Emergency				
Connectivity Fund	32.009	N/A	<u>914,856</u>	<u>-</u>
Total Federal Awards Expended			<u>\$ 25,062,179</u>	<u>-</u>

See notes to schedule of expenditures of federal awards.

CITY SCHOOL DISTRICT OF MOUNT VERNON
Notes to Schedule of Expenditures of Federal Awards
June 30, 2023

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City School District of Mount Vernon, New York (the District) under programs of the federal government for the year ended June 30, 2023. 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 District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

(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.

(3) Indirect Cost Rate

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

(4) Contingencies

The 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
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2023

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the basic financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- | | | | | |
|--|---------------|-----|---------------|---------------|
| 1. Material weakness(es) identified? | <u> x </u> | Yes | <u> </u> | No |
| 2. Significant deficiency(ies) identified? | <u> </u> | Yes | <u> x </u> | None reported |
| 3. Noncompliance material to financial statements noted? | <u> </u> | Yes | <u> x </u> | No |

Federal Awards:

Internal control over major programs:

- | | | | | |
|--|---------------|-----|--------------|---------------|
| 4. Material weakness(es) identified? | <u> </u> | Yes | <u> x </u> | No |
| 5. Significant deficiency(ies) identified? | <u> </u> | Yes | <u> x </u> | None reported |

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

Unmodified

- | | | | | |
|---|---------------|-----|--------------|----|
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)(Uniform Guidance)? | <u> </u> | Yes | <u> x </u> | No |
| 7. The District's major programs audited were: | | | | |

Name of Federal Programs

Assistance Listing Number

Emergency Connectivity Fund	32.009
Special Education Cluster	84.027/84.173
Supporting Effective Instruction State Grants	84.367
COVID-19 Education Stabilization Fund:	
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
Governor's Emergency Education Relief Fund (GEER)	84.425C
American Rescue Plan (ARP) ESSER II	84.425U

- | | | | | |
|---|---------------|-----|--------------|----|
| 8. Dollar threshold used to distinguish between Type A and Type B programs. | | | \$ 751,865 | |
| 9. Auditee qualified as low-risk auditee? | <u> </u> | Yes | <u> x </u> | No |

Part II - FINANCIAL STATEMENT FINDINGS SECTION

See page 71.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings or questioned costs.

CITY SCHOOL DISTRICT OF MOUNT VERNON
Schedule of Findings and Questioned Costs, Continued

Part II - FINANCIAL STATEMENT FINDINGS SECTION

2023-001: Audit Readiness and Financial Records (Material Weakness)

Criteria - The 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 that the District has been relying on a part-time, outside consulting firm to oversee the accounting functions. The District has not filled the position of Treasurer. This has resulted in:

- General ledger accounts 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.

Repeat Finding - This is a repeat finding of item 2022-001 as reported in the year ended June 30, 2022.

Recommendation - The District should consider hiring qualified personnel to fill the vacant positions. Once these position are filled, the 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 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.

CITY SCHOOL DISTRICT OF MOUNT VERNON

Status of Prior Audit Findings

June 30, 2023

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

Condition - A significant number of correcting journal entries were required to be posted in order for the balances to reflect the appropriate amounts.

Status - Ten adjusting entries amounting to \$15,185,513 across all funds were required in order to correct the balances of the accounting records of the District. Accordingly, this Finding is repeated as finding 2023-001.

2022-002 - Recognition of BOCES Aid (Material Weakness)

Condition - The District was not aware that \$8.4 million of BOCES Aid was never received nor deposited. This had a negative effect on cash flow.

Status - The District updated its processes to allow for these funds to be deposited directly into it's account. Additionally, all BOCES Aid payments were properly recorded. Accordingly, this finding is considered resolved.

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

Condition - Unnecessary cash outlay resulted in cash flow shortage that needed to be recovered subsequent to the 2021-2022 fiscal year.

Status - The District enrolled in an online payment platform to process payments for these transactions. The District treasurer or third-party consultant is now responsible for making payment. Additionally, there were no excess payroll tax payments made during the year. Accordingly, this finding is considered resolved.

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

Condition - The District did not properly register numerous employees hired in the past two years with ERS and TRS. The District will get retroactively billed by ERS and TRS for its employer share once the employees are registered. Employees will need to have retroactive withholdings from future paychecks.

Status - The District outsourced registering and enrolling employees in the retirement systems (ERS and TRS) to a BOCES' consultant during the 2023 fiscal year through November 2023, when a new treasurer was hired. During that time, the consultant worked to ensure that all current employees and new hires were setup and enrolled in the respective retirement systems. Going forward, any new employees that need to be enrolled will be the responsibility of the treasurer. Accordingly, this finding is considered resolved.

CITY SCHOOL DISTRICT OF MOUNT VERNON

Corrective Action Plan

Year ended June 30, 2023

Name of Auditee: City School District of Mount Vernon

Name of Audit Firm: EFPR Group, CPAs, PLLC

Period Covered by the Audit: Year ended June 30, 2023

CAP Prepared by: Kenneth Silver, Assistant Superintendent for Business and Operations

Phone: 914-584-0342

(A) Current Finding on the Schedule of Findings and Responses

(1) Audit Finding 2023-001 - Audit Readiness and Financial Records

- (a) Comments on the finding and recommendation: The District agrees with the finding. The District also agrees with the recommendation. See below for actions taken.
- (b) Actions Taken: A new treasurer was hired and is set to start the week of November 6, 2023. Current management anticipates assigning job duties that will assist with year end closing procedures.
- (c) Anticipated Completion Date: Management anticipates this finding will be resolved by June 30, 2024.