



Fiscal Conditions Analysis

Mount Vernon City School District Westchester County, New York



December 17, 2024



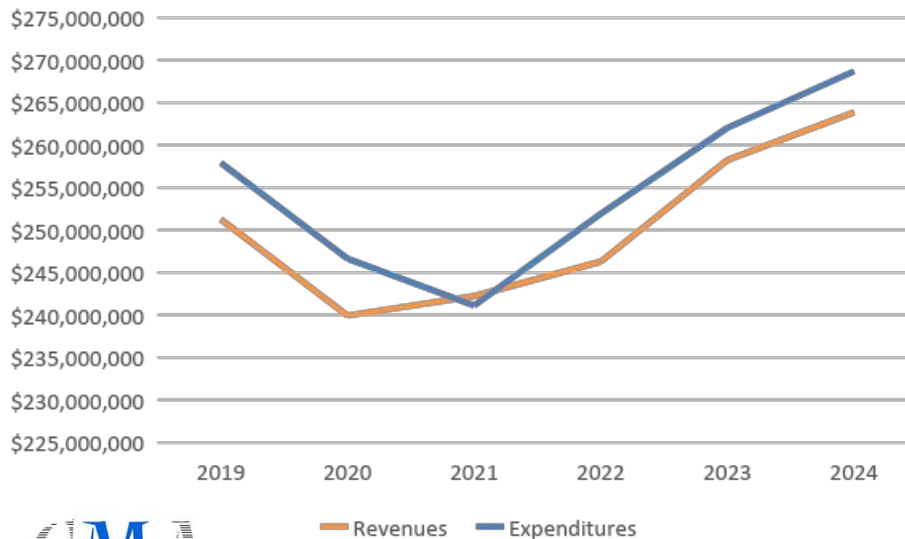
Overview of Fiscal Conditions Analysis

- Assist the District to develop a set of fiscal goals, while concurrently identifying goals and objectives that will support its efforts
 - Intent of the District and CMA to prepare a comprehensive multi-year financial plan following the completion of this report
- From FY2018 through FY2024, total reserves in the District's General Fund deteriorated by 79.1% from \$33.1 million to \$6.9 million
- District's unassigned fund balance decreased from \$10.2 million to *negative* \$5.0 million over that same period
- In 2023 and 2024, Moody's and S&P withdrew the District's credit ratings due to lack of timely financial information
 - Absence of a credit rating limits the District's ability to access the capital markets to borrow for important capital improvements and increases the District's cost of capital significantly



General Fund Operating Results

FY Ending June 30:	2019	2020	2021	2022	2023	2024
Revenue & Transfers In	\$248,414,744	\$238,934,417	\$242,240,245	\$246,281,817	\$258,256,712	\$263,844,955
Proceeds of Obligations	2,845,650	1,006,416	0	0	0	0
Expenditures & Transfers Out	257,909,548	246,634,333	241,119,139	251,911,165	262,041,589	268,348,279
Operating Surplus / (Deficit)	(6,649,154)	(6,693,500)	1,121,106	(5,629,348)	(3,784,877)	(4,503,324)
Starting Fund Balance	33,063,601	26,414,447	19,720,947	20,842,053	15,212,705	11,427,828
End of Year Fund Balance	\$26,414,447	\$19,720,947	\$20,842,053	\$15,212,705	\$11,427,828	\$6,924,504

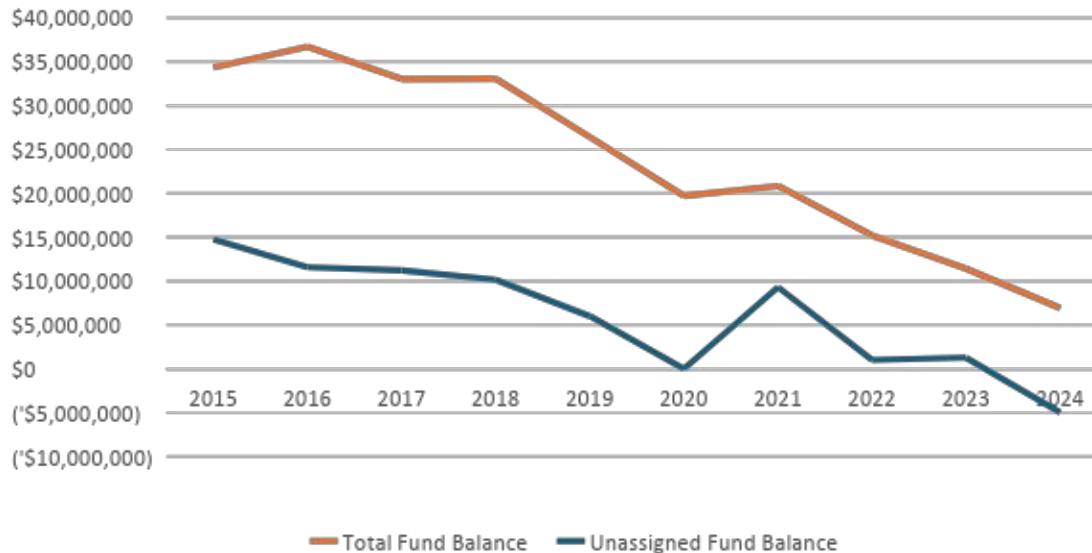


- With the exception of FY2021, the District’s expenditures have consistently outpaced its revenues
- Average operating deficit of approximately \$5.5 million over the other five years
- Cumulative operating deficit for the District over this timeframe was approximately \$26.5 million.



Fund Balance

FY Ending Jun 30:	2019	2020	2021	2022	2023	2024
Fund Equity:						
Restricted	\$ 19,093,581	\$ 14,850,700	\$ 7,477,721	\$ 6,708,304	\$ 4,295,842	\$ 4,295,842
Nonspendable	35,371	0	0	0	0	0
Assigned	1,267,212	4,870,247	4,053,888	7,495,085	5,845,661	7,591,499
Unassigned	<u>6,018,283</u>	<u>0</u>	<u>9,310,444</u>	<u>1,009,316</u>	<u>1,286,325</u>	<u>(4,962,837)</u>
End of Year Fund Balance	\$ 26,414,447	\$ 19,720,947	\$ 20,842,053	\$ 15,212,705	\$ 11,427,828	\$ 6,924,504



- District's unassigned fund balance has decreased from ~\$14.8 million in FY2015 to *negative* \$5.0 million in FY2024 - Decrease of 133.6%



Budget-to-Actual Variances

Category	2019	2020	2021	2022	2023	2024
Revenues	\$ 890,190	\$ (12,418,633)	\$ (5,810,720)	\$ (9,367,632)	\$ (1,014,784)	\$ (1,158,114)
Expenditures	855	10,764,979	20,057,346	9,084,757	5,951,401	\$1,017,203
Other Financing Sources	4,785,494	2,163,857	18,275	0	(357,144)	0
TOTAL	\$ 5,676,539	\$ 510,203	\$ 14,264,901	\$ (282,875)	\$ 4,579,473	\$ (140,911)

Revenues

- For FY2020 through FY2024, revenue variances were consistently negative
 - Each year, actual collection of revenue was significantly less than the amounts included in the operating budgets
- Significant recurring structural imbalance is present with respect to several key revenue sources, most notably real property taxes and State aid

Expenditures

- Expenditures sharply contrasted that of revenues
- Excluding FY2024, the variances reported for expenditures were positive
 - Although a small annual variance would be appropriate, the disproportionate positive expenditure variances are suggestive of excessive slack in the budget

Enrollment



Fiscal Year Ended June 30	Actual Enrollment	Fiscal Year Ended June 30	Projected Enrollment
2014	8,355	2025	6,568
2015	8,503	2026	6,360
2016	8,338	2027	6,201
2017	8,131	2028	6,043
2018	8,050	2029	5,860
2019	7,802	2030	5,725
2020	7,595	2031	5,636
2021	7,232	2032	5,549
2022	6,860	2033	5,454
2023	6,864	2034	5,367
2024	6,704		

- District (K - 12) enrollment of 6,483 students in 2023 reflects a decrease of 1,577 students (19.6%), when compared to 2013
- Further decreases are expected in the next ten years, with a projected loss of 1,315 students, or 20.3%, by 2033.
- The number of Mount Vernon resident students enrolled in charter schools has grown from 252 children (3.0% of Mount Vernon public school students) in 2013, to 594 children (8.4%) in 2023, reflecting an increase of 135.7% during this period.
- 14 out of 16 District buildings have an enrollment of less than 50% student capacity



District Building Capital Needs

Building	Priority 1	Priority 2	Priority 3	Priority 4	Total
Denzel Washington SofPA	\$ 429,035	\$ 2,129,882	\$ 16,353,366	\$ 14,389,710	\$ 33,301,993
Lincoln Elementary School	4,575,977	842,882	15,256,716	5,224,295	25,899,870
Cecil H. Parker Elementary	233,328	2,255,212	14,764,047	7,246,974	24,499,560
Hamilton Elementary School	0	3,690,155	16,068,810	5,778,808	25,537,773
Traphagen Elementary School	2,678,353	3,858,525	19,034,396	3,289,720	28,860,994
Williams Elementary School	124,156	4,551,626	9,819,087	5,743,058	20,237,927
Grimes Elementary School	224,174	297,209	5,580,375	2,469,092	8,570,850
Graham Elementary School	7,063	818,057	13,081,409	8,977,370	22,883,899
Columbus Elementary	1,527,232	1,814,477	11,950,451	8,820,638	24,112,798
Board of Education Center	0	137,550	3,311,627	0	3,449,177
Mount Vernon STEAM	97,022	929,265	19,112,157	14,424,892	34,563,337
Benjamin Turner Elementary	37,564	1,114,096	8,353,935	1,732,663	11,238,258
Rebecca Turner Elementary School	1,850,241	2,581,121	12,948,408	10,286,520	27,666,290
Pennington Elementary School	0	480,378	3,621,364	4,366,853	8,468,595
Holmes Elementary School	2,611,091	2,277,727	11,598,018	7,438,803	23,925,639
Mount Vernon High School	0	4,211,236	55,045,574	11,087,936	70,344,746
Maintenance Garage	240,225	0	1,595,383	0	1,835,608
Totals	\$ 14,635,460	\$ 31,989,398	\$237,495,122	\$111,277,332	\$395,397,313

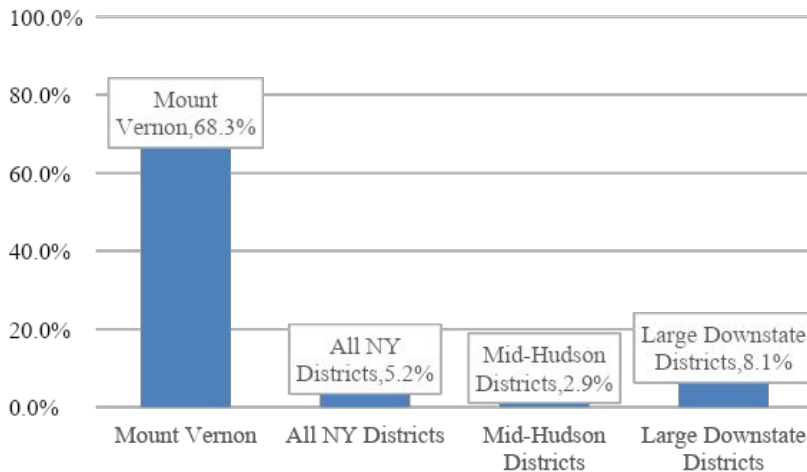
- Priority 1 and Priority 2 needs would be expected to be needed in the next five years
 - If all done, would increase District’s debt by ~44%
- Priority 3 needs seen as longer-term projects
- Priority 4 needs considered “next-generation”



Fiscal Stress Monitoring System

Fiscal Year Ended June 30:	Score	Fiscal Stress Designation
2019	35.0%	Susceptible to Fiscal Stress
2020	66.7	Significant Fiscal Stress
2021	28.3	Susceptible to Fiscal Stress
2022	66.7	Significant Fiscal Stress
2023	68.3	Significant Fiscal Stress

- The most recent fiscal score, for 2023, represents the worst score for the District in the past 5 years
- District received the 2nd greatest stress score among districts in the State
- Compared to school district averages, the District had significantly lower fund balance and liquidity levels



■ Fiscal Stress Score (Averages for Districts Other Than Mount Vernon - 2023)

Credit Rating Categories



Moody's Investors Service		S&P Global and Fitch Ratings	
<u>Long Term</u>	<u>Short Term</u>	<u>Long Term</u>	<u>Short Term</u>
Aaa	MIG 1	AAA	SP1+/F1+
Aa1		AA+	
Aa2		AA	
Aa3		AA-	
A1		A+	SP1/F1
A2		A	
A3	MIG 2	A-	SP2/F2
Jurisdictions that are rated below A3/A- have a much smaller pool of investors.			
Baa1		BBB+	<i>District's Former Rating</i>
Baa2	<i>District's Former Rating</i>	BBB	
Baa3		BBB-	
Jurisdictions that are rated below Baa3/BBB- are considered sub-investment grade.			

- Long-term ratings factor in an issuer's multi-year trends
- Short-term ratings factor in exposure limited to term of note
- Most funds will only buy short-term debt with Tier 1 ratings

Credit Quality and Impact on Cost of Capital



CMA Interest Rate Scale as of 12/10/2024

Term	Maturity	Aaa	Aa	Insured	A	Baa
1	2025	2.65%	2.68%	2.76%	2.74%	3.12%
2	2026	2.52	2.55	2.67	2.65	3.00
3	2027	2.53	2.56	2.68	2.68	3.04
4	2028	2.53	2.57	2.69	2.71	3.09
5	2029	2.54	2.58	2.70	2.74	3.13
6	2030	2.58	2.63	2.76	2.81	3.22
7	2031	2.62	2.69	2.82	2.88	3.31
8	2032	2.66	2.74	2.87	2.95	3.39
9	2033	2.70	2.80	2.93	3.02	3.48
10	2034	2.74	2.85	2.99	3.09	3.57
11	2035	2.78	2.91	3.05	3.15	3.62
12	2036	2.82	2.97	3.11	3.20	3.67
13	2037	2.87	3.02	3.16	3.26	3.71
14	2038	2.91	3.08	3.22	3.31	3.76
15	2039	2.95	3.14	3.28	3.37	3.81
20	2044	3.30	3.51	3.66	3.74	4.18
25	2049	3.51	3.73	3.88	3.96	4.41
30	2054	3.58	3.80	3.95	4.03	4.48

This scale was developed by CMA based on the select interest rates provided by MMD as published in *The Bond Buyer*.

Multi-Year Plan



Next Steps

- CMA to prepare multi-year financial plan
 - Financial forecast
 - Impact of recommendations
 - Various scenarios – Status Quo, Moderate, Best Case
 - Living document to be updated periodically
 - Assist District with implementation of plan and monitor impact

Contact Information



Richard Tortora, *President and Principal*

516-487-9815

rtortora@capmark.org

Margaret Guarino, *Managing Director*

917-796-8693

tvouzakis@capmark.org

Tom Vouzakis, *Vice President*

516-487-9818

tvouzakis@capmark.org

11 Grace Avenue, Suite 308

Great Neck, New York 11021

www.capmark.org