

FINANCIAL REPORT
Audited
MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the City of Mount Vernon, New York)
MOUNT VERNON, NEW YORK
December 31, 2021

Audited for:

Board of Directors
Mount Vernon Industrial Development Agency

Audited by:

RBT CPAs, LLP
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Newburgh, NY 12550
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MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mount Vernon Industrial Development Agency
Mount Vernon, New York

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Mount Vernon Industrial Development Agency, (the "Agency"), a component unit of the City of Mount Vernon, New York, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Agency'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 financial position of the Mount Vernon Industrial Development Agency as of December 31, 2021 and December 31, 2020, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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* ("GAS"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, 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.

Responsibilities of Management for the Financial Statements

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

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 Agency'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.

Auditor's 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 auditor's report that includes our opinion. 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 Agency'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency'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 the Management's Discussion and Analysis on pages 4 through 5 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included on pages 14-19. The other information comprises the Schedule of Other Information. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or if the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2023 on our consideration of the Agency'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 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 Agency's internal control over financial reporting and compliance.

RBT CPAs, LLP

Newburgh, NY
April 5, 2023

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT’S DISCUSSION AND ANALYSIS**

The following “Management’s Discussion and Analysis” report (“MD&A”) provides the reader with an introduction to and overview of the financial activities and performance of the Mount Vernon Industrial Development Agency (“Agency”) for the years ended December 31, 2021 and 2020, as mandated by GASB #34. This information should be reviewed in conjunction with the Agency’s audited financial statements.

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>	<u>Change</u>
Current Assets	\$ 3,944,120	\$ 3,808,996	\$ 135,124
Capital Assets	1,415,601	1,471,954	(56,353)
Total Assets	5,359,721	5,280,950	78,771
<u>LIABILITIES AND DEFERRED INFLOWS</u>			
Liabilities and Deferred Inflows	2,607,519	2,411,413	196,106
Total Liabilities and Deferred Inflows	2,607,519	2,411,413	196,106
<u>NET POSITION</u>			
Net Investment in Capital Assets	1,415,601	1,471,954	(56,353)
Unrestricted	1,306,463	1,397,583	(91,120)
Total Net Position	\$ 2,722,064	\$ 2,869,537	\$ (147,473)

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

<u>REVENUES</u>	<u>2021</u>	<u>2020</u>	<u>Change</u>
Administrative and Closing Fees	\$ 156,209	\$ 437,506	\$ (281,297)
Rental Income	200,025	122,654	77,371
Interest Earnings and Other Income	9,532	12,268	(2,736)
Total Revenues	365,766	572,428	(206,662)
<u>EXPENSES</u>			
Professional Service Contracts	253,113	228,176	24,937
Administrative Expenses	203,773	112,417	91,356
Depreciation Expense	56,353	58,594	(2,241)
Total Expenses	513,239	399,187	114,052
Change in Net Position	\$ (147,473)	\$ 173,241	\$ (320,714)

For details of the Agency’s finances, see the accompanying financial statements and notes thereof.

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FINANCIAL POSITION SUMMARY

Net position serves as an indicator of the Agency's financial position. The Agency's net position was \$2,722,064 and \$2,869,537 at December 31, 2021 and 2020.

FINANCIAL STATEMENTS

The Agency's financial statements are prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board ("GASB"). The Agency is structured as a proprietary fund. It is a component unit of the City of Mount Vernon, New York.

NOTES TO FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

CURRENTLY KNOWN FACTS, DECISIONS, AND CONDITIONS

In 2020 and 2021, the City of Mount Vernon of Industrial Development Agency's, ("MVIDA" or "Agency") Board of Directors held regular monthly meetings. Agency Counsel was appointed in January 2020. The Director of Business Development was appointed in September 2020.

The Agency continued to work through the disorganized and inaccurate records inherited from the prior administration, which, coupled with the COVID-19 pandemic, made completing the fiscal audits and state required compliance reporting a significant undertaking. The neglect of prior administrations left the current leadership with the obligation to continue to address many unpaid invoices and litigation matters. During 2020 and 2021 the MVIDA continued reconciling accounts, identifying arrears, and taking inventory of its current projects. The 2019 Annual Fiscal Audit was completed and adopted in July 2022. The Agency has also been aggressively collecting past due arrears in the form of PILOT Payments, Administrative Fee Payments, and Lease Payments. No new development projects were undertaken.

Agency policies were reviewed, amended as necessary and adopted by the Agency's Board of Directors. Bylaws were also reviewed and re-adopted.

Outstanding audits and state required reporting will be completed to enable the Agency to undertake new projects.

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
MOUNT VERNON, NEW YORK
STATEMENTS OF NET POSITION**

As of December 31	2021	2020
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 2,315,783	\$ 1,892,403
Cash - Restricted	850,434	848,594
Pilot Receivable	435,498	727,182
Other Receivables	335,905	334,317
Prepaid Expenses	6,500	6,500
Total Current Assets	3,944,120	3,808,996
Capital Assets:		
Land	245,000	245,000
Buildings and Equipment, Net of Accumulated Depreciation of \$760,500	1,170,601	1,226,954
Capital Assets	1,415,601	1,471,954
TOTAL ASSETS	5,359,721	5,280,950
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities (Note 4)	100,095	107,691
Due to Other Governments	1,676,990	1,434,990
Security Deposits	830,434	828,594
TOTAL LIABILITIES	2,607,519	2,371,275
DEFERRED INFLOWS OF RESOURCES	30,138	40,138
NET POSITION		
Net Investment in Capital Assets	1,415,601	1,471,954
Unrestricted	1,306,463	1,397,583
TOTAL NET POSITION	\$ 2,722,064	\$ 2,869,537

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
MOUNT VERNON, NEW YORK
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

For the Years Ended December 31	2021	2020
Operating Revenues:		
Administrative and Closing Fees	\$ 156,209	\$ 437,506
Rental Income	200,025	122,654
Total Operating Revenues	356,234	560,160
Operating Expenses:		
Salaries	94,059	31,154
Payroll Taxes	8,433	2,427
Employee Benefits	52,969	57,697
Insurance Expense	1,029	11,728
Professional Service Contracts	253,113	228,176
Administrative Fees	-	4,240
Office Expense	2,283	5,171
Depreciation Expense	56,353	58,594
Total Operating Expenses	468,239	399,187
Operating Income (Loss)	(112,005)	160,973
Non-Operating Revenues:		
Other Income	9,292	10,928
Interest Income	240	1,340
Net Non-Operating Revenues	9,532	12,268
Non-Operating Expenses:		
Judgments	(45,000)	-
Net Non-Operating Expenses	(45,000)	-
Change in Net Position	(147,473)	173,241
Net Position, Beginning	2,869,537	2,696,296
Net Position, Ending	\$ 2,722,064	\$ 2,869,537

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
MOUNT VERNON, NEW YORK
STATEMENTS OF CASH FLOWS**

For the Year Ended December 31	2021	2020
Cash Flows From Operating Activities:		
Receipts from Providing Services	\$ 354,646	\$ 489,381
Payments to Vendors	(417,642)	(301,307)
Net Cash Provided by (Used in) Operating Activities	(62,996)	188,074
Cash Flows From Other Non-Operating Activities:		
Cash Collected in Lieu of Taxes	2,734,224	1,503,276
Cash Transferred to Other Jurisdictions	(2,210,540)	(1,575,982)
Net Cash Provided by (Used In) Non-Operating Activities	523,684	(72,706)
Cash Flows From Investing Activities:		
Interest and Other Income	9,532	12,268
Non-operating Expenses	(45,000)	-
Net Cash Provided by (Used in) Investing Activities	(35,468)	12,268
Net Increase in Cash and Cash Equivalents	425,220	127,636
Cash and Cash Equivalents - Beginning	2,740,997	2,613,361
Cash and Cash Equivalents - Ending	\$ 3,166,217	\$ 2,740,997
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:		
Operating Income (Loss)	\$ (112,005)	\$ 160,973
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	56,353	58,594
Changes in Assets and Liabilities:		
(Increase)/Decrease in Other Receivable	(1,588)	(70,779)
(Increase)/Decrease in Prepaid Expense	-	666
Increase/(Decrease) in Accounts Payable and Accrued Expenses	(7,596)	38,620
Increase/(Decrease) in Escrow Deposits	1,840	-
Net Cash Provided by (Used in) Operating Activities	\$ (62,996)	\$ 188,074

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

1. Organization and Summary of Significant Accounting Policies

Organization and Purpose

The Mount Vernon Industrial Development Agency in Mount Vernon, New York (“Agency”) is a public benefit corporation established June 28, 1977, under the terms of Article 18-A, “New York State Industrial Development Agency Act” of New York State general municipal law.

The New York State Industrial Development Agency Act allows for an IDA board composition of five to upwards of nine members. The Agency Board, in particular, continues to be comprised of five (5) members, including the statutory member and chairperson, the Mayor of the City of Mount Vernon. Per Section 2 of the Agency Bylaws, the remaining Agency Board Members are not appointed by the council of the City of Mount Vernon but rather by the Mayor in her capacity as the Agency Board Chair. At present, the Agency Board of Directors is chaired by Mayor Shawyn Patterson-Howard, its statutory Board Member, and comprised of four (4) non-statutory Board Members who are appointed by, and serve at the pleasure of, the Board Chairman. Accordingly, the Agency is considered a component unit of the City of Mount Vernon, New York.

The Agency was established to promote and assist in acquiring or constructing various business and recreational facilities and, in the process, advance job opportunities, health, general prosperity and economic welfare of the people of the City of Mount Vernon.

The Agency’s function is to authorize the issuance of industrial revenue bonds and to provide property, mortgage, and sales tax exemptions in order to promote economic development. The Agency reviews and determines whether to recommend approval of those applicants wishing to obtain financing. The Agency receives application fees from applicants and closing fees from those accepted for industrial revenue financing, such fees are recorded when earned.

Agency administrative fees are recognized upon transfer of property during the accrual period. Closing fees on transfer agreements are recognized when earned. Expenses are recognized when incurred.

The Reporting Entity

The Agency is considered a component unit of the financial reporting entity known as the City of Mount Vernon, New York. Inclusion in the financial reporting entity, City of Mount Vernon, New York, is determined based on financial accountability as defined by GASB Statement No. 14, as amended, “*The Financial Reporting Entity*”. Component units are legally separate entities for which the City of Mount Vernon, New York, is financially accountable.

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

1. Organization and Summary of Significant Accounting Policies (Cont'd.)

Basis of Accounting

The financial statements of the Agency have been prepared in conformity with generally accepted accounting principles (“GAAP”), as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under standards set by GASB, the Agency is considered a proprietary fund. Proprietary fund financial statements are prepared on the accrual basis of accounting, which records the financial effects of transactions and other events when these transactions and events occur. Revenues are recognized when they are earned and expenses are recognized when they are incurred. The measurement focus is the flow of economic resources.

The Agency considers all project related revenues as operating revenues, except for investment income and other non-project related receipts.

The Agency generally applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Cash and Cash Equivalents

For the purpose of presenting the Statements of Cash Flows, the Agency considers all demand deposits, time and savings accounts, and certificates of deposit with an original maturity of three months or less to be cash or cash equivalents.

The Agency has adopted an investment policy in accordance with public authority law which is reaffirmed annually. Such policy defines the Agency’s investment objectives, authorization and collateralization procedures and monitoring of compliance with stated policies. As described below, the Agency is in compliance with such policies.

Agency monies are deposited in FDIC insured commercial banks or trust companies located within the State. The Agency is authorized to use demand deposit, time and money market savings accounts and certificates of deposit. Governmental Accounting Standards Board Statement No. 40 *Deposits and Investment Risk Disclosure*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, or collateralized by securities held by the Agency or its agent in the Agency’s name. The Agency’s cash balances were fully collateralized with securities held by the Agency’s third party custodian and not subject to custodial credit risk.

Equity Classifications

Equity is classified as net position and displayed in three components:

Net investment in capital assets – Consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds attributable to acquisition, construction or improvement of those assets.

Restricted – Consist of assets with constraints placed on their use either by (1) external groups such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021**

Organization and Summary of Significant Accounting Policies (Continued)

provisions or enabling legislation.

Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets”.

Capital Assets

Buildings and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets which range from 3-40 years.

Income Taxes

The Agency is exempt from federal income taxes under Internal Revenue Service Code Section 115.

Insurance

The Agency assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Such risks are covered by the purchase of commercial insurance and/or in contractual agreement with the plant operator. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Workers compensation coverage is provided through a retrospective policy, wherein premiums are recorded based on the ultimate cost of the experience to date of workers in similar occupations.

Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Agency evaluated subsequent events for disclosure and/or recognition in the financial statements from December 31, 2017, and through April 5, 2023, the date on which the financial statements were approved for issuance.

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. Cash – Restricted

Cash – restricted represents cash held by the Agency for a specified purpose. Restricted cash amounted to \$850,434 and \$848,594 as of December 31, 2021 and 2020 respectively. The Agency has recorded a security deposit liability of \$830,434 and \$828,594 for project deposits and \$20,000 is included in Due to Other Governments for a non-MVIDA project deposit.

3. Capital Assets

Capital assets consisted of the following at December 31:

	2021	2020
Land	\$ 245,000	\$ 245,000
Buildings and Equipment	2,217,853	2,217,853
Less: Accumulated Depreciation	<u>(1,047,252)</u>	<u>(990,899)</u>
Net Capital Assets	<u>\$ 1,415,601</u>	<u>\$ 1,471,954</u>

Depreciation expense amounted to \$56,353 and \$58,594 for the years ended December 31, 2021 and 2020.

4. Accounts Payable and Accrued Liabilities

At December 31, 2021 and 2020, accounts payable and accrued liabilities consisted primarily of professional services incurred of \$100,095 and \$107,691.

5. Commitments and Contingencies

The Agency has been subject to several lawsuits, all but one having been settled by December 31, 2021. In February 2022, the Agency settled litigation involving an engineering firm in the amount of \$150,000.

In the course of researching outstanding PILOT payments, the Agency has noted that certain PILOT payments have been made directly to the City of Mount Vernon. While the Agency has not been provided documentation regarding the required payments to the taxing authorities being made, the Agency has been advised it has no further liability regarding those payments.

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021**

6. New Reporting Standards

In June of 2017, GASB issued Statement No. 87, *Leases*. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Agency is required to implement this standard for the year ended December 31, 2022. The Agency has not evaluated the effect of GASB 87 on its financial statements.

The GASB has also issued Statements 89 through 100. None of these statements are expected to have a substantive effect on the Agency's financial reporting.

OTHER SUPPLEMENTAL INFORMATION

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021**

	22 Sourth West Street	Ace Natural Foods	American Christmas	Blue Rio/ 203 Gramatan	Dominican Magic	Enclave on 5th	Enclave at Fleetwood
Real Property Tax Exemptions*:							
Local Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sales Tax	-	-	-	-	-	-	-
Real Property Tax							
County	69,932	21,605	19,022	69,247	8,698	15,449	38,563
Local	180,387	55,730	49,067	178,622	22,436	39,851	99,472
School	390,525	120,650	106,227	386,703	48,571	15,449	215,351
Mortgage Recording Tax	-	-	-	-	-	-	-
TOTALS	\$ 640,844	\$ 197,985	\$ 174,316	\$ 634,572	\$ 79,705	\$ 70,749	\$ 353,386

Payments in Lieu of Taxes ("PILOTS")							
County	\$ 15,051	\$ 10,657	\$ 4,790	\$ 5,544	\$ 4,920	\$ 3,817	\$ 18,508
Local	43,896	31,080	13,970	16,168	14,350	11,134	53,978
School	98,161	69,503	31,240	36,155	32,090	24,897	120,707
TOTALS	\$ 157,108	\$ 111,240	\$ 50,000	\$ 57,867	\$ 51,360	\$ 39,848	\$ 193,193

Full-time Equivalent Jobs Created & Retained**

# FTEs before IDA status	0	35	0	0	15	0	15
Original Estimate of Jobs to be Created	0	12	20	305	42	0	215
Original Estimate of Jobs to be Retained	0	35	0	0	15	0	15
Current # of FTEs	3	63	119	3	8	0.5	2
# of FTE Construction Jobs During Fiscal Year	352	0	0	0	0	0	0
Net Employment Change (ie, from project inception)	3	28	119	3	-4	1	13

* Real Property Tax Exemptions indicate the total amount for which a project would have been liable if the project occurred but the IDA was not involved.

** PARIS amounts may differ due to software constraints.

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTAL INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Grace Plaza	Grace Terrace	Grace Towers	Heritage North	Heritage South	Kings Court	Macedonia Towers
Real Property Tax Exemptions*:							
Local Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sales Tax	-	-	-	-	-	-	-
Real Property Tax							
County	4,962	20,743	32,767	82,705	165,410	1,736	6,417
Local	12,800	53,506	84,523	213,335	426,670	4,480	16,554
School	27,711	115,836	182,986	461,855	923,710	9,698	35,839
Mortgage Recording Tax	-	-	-	-	-	-	-
TOTALS	\$ 45,473	\$ 190,085	\$ 300,276	\$ 757,895	\$ 1,515,790	\$ 15,914	\$ 58,810

Payments in Lieu of Taxes ("PILOTS")							
County	\$ 5,314	\$ 5,955	\$ 11,119	\$ 11,574	\$ 21,221	\$ 1,837	\$ 5,656
Local	15,498	17,367	32,429	33,756	61,890	5,357	16,495
School	34,656	38,837	72,519	75,486	138,399	11,979	36,887
TOTALS	\$ 55,468	\$ 62,159	\$ 116,067	\$ 120,816	\$ 221,510	\$ 19,173	\$ 59,038

Full-time Equivalent Jobs Created & Retained**

# FTEs before IDA status	0	0	0	0	0	0	0
Original Estimate of Jobs to be Created	0	30	10	50	400	5	2
Original Estimate of Jobs to be Retained	0	0	0	0	0	0	0
Current # of FTEs	1	1	2.5	76	76.5	0	2
# of FTE Construction Jobs During Fiscal Year	0	0	0	0	0	0	0
Net Employment Change (ie, from project inception)	1	1	2.5	76	76.5	0	3

* Real Property Tax Exemptions indicate the total amount for which a project would have been liable if the project occurred but the IDA was not involved.

** PARIS amounts may differ due to software constraints.

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTAL INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

	MacQuesten/ 130 Modern	Regent Hospitality Linen Services	Target	Titus Mt. Vernon	Zion Court	Oakwood Gardens	Standford Terrace
Real Property Tax Exemptions*:							
Local Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Sales Tax	-	-	-	-	-	-	-
Real Property Tax							
County	31,427	4,590	-	19,068	15,879	31,877	10,619
Local	81,067	11,840	-	49,186	40,960	82,227	27,391
School	175,504	25,632	-	106,485	88,676	178,017	59,302
Mortgage Recording Tax	-	-	-	-	-	-	-
TOTALS	\$ 287,998	\$ 42,062	\$ -	\$ 174,739	\$ 145,515	\$ 292,121	\$ 97,312

Payments in Lieu of Taxes ("PILOTS")							
County	\$ 6,904	\$ 2,905	\$ 27,384	\$ -	\$ 3,177	\$ 6,867	\$ 2,866
Local	20,137	8,472	79,864	-	9,266	20,029	8,359
School	45,031	18,946	178,594	-	20,721	44,789	18,692
TOTALS	\$ 72,072	\$ 30,323	\$ 285,842	\$ -	\$ 33,164	\$ 71,685	\$ 29,917

NO PILOT

Full-time Equivalent Jobs Created & Retained**

# FTEs before IDA status	5	0	0	0	0	3	1
Original Estimate of Jobs to be Created	10	15	0	0	0	0	0
Original Estimate of Jobs to be Retained	5	0	0	0	0	0	0
Current # of FTEs	0	73.5	247	0	0	0	0
# of FTE Construction Jobs During Fiscal Year	0	0	0	0	0	0	0
Net Employment Change (ie, from project inception)	-5	73.5	229	0	0	0	0

* **Real Property Tax Exemptions indicate the total amount for which a project would have been liable if the project occurred but the IDA was not involved.**
**** PARIS amounts may differ due to software constraints.**

*** *MVIDA Project to commence with Tax Abatement/PILOT payments in Jan. 2018*

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020**

	22 Sourth West Street	Ace Natural Foods	American Christmas	Blue Rio/ 203 Gramatan	Dominican Magic	Enclave on 5th	Enclave at Fleetwood
Real Property Tax Exemptions*:							
Local Sales Tax	\$ 100,222	\$ 55,359	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	108,667	59,972	-	-	-	-	-
Real Property Tax	-	-	-	-	-	-	-
County	-	18,918	16,651	60,615	7,613	13,654	48,730
Local	-	52,970	46,622	169,723	21,318	38,230	136,444
School	-	117,290	103,235	375,815	47,203	84,653	302,127
Mortgage Recording Tax	-	-	-	-	-	-	245,000
TOTALS	\$ 208,889	\$ 304,509	\$ 166,508	\$ 606,153	\$ 76,134	\$ 136,537	\$ 732,301

Payments in Lieu of Taxes ("PILOTS")							
County	\$ -	\$ 10,800	\$ 5,000	\$ 11,335	\$ 4,647	\$ 3,869	\$ 18,757
Local	-	30,240	14,000	31,737	13,013	10,832	52,518
School	-	66,960	31,000	70,276	28,814	23,986	116,290
TOTALS	\$ -	\$ 108,000	\$ 50,000	\$ 113,348	\$ 46,474	\$ 38,687	\$ 187,565

Full-time Equivalent Jobs Created & Retained**

# FTE Jobs	0	35	0	0	15	0	15
Original Estimate of Jobs to be Created	0	12	20	305	42	0	215
Original Estimate of Jobs to be Retained	0	35	0	0	15	0	15
Current # of FTEs	2	49	119	3	11	0	0
# of FTE Construction Jobs During Fiscal Year	352	0	0	0	0	0	0
Net Employment Change (ie, from project inception)	2	14	119	3	-4	0	15

* Real Property Tax Exemptions indicate the total amount for which a project would have been liable if the project occurred but the IDA was not involved.

** PARIS amounts may differ due to software constraints.

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTAL INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Grace Plaza	Grace Terrace	Grace Towers	Heritage North	Heritage South	Kings Court	Macedonia Towers
Real Property Tax Exemptions*:							
Local Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales Tax	-	-	-	-	-	-	-
Real Property Tax							
County	4,344	18,157	28,683	38,138	76,275	1,520	5,618
Local	12,162	50,840	80,312	102,700	205,400	4,256	15,730
School	26,930	112,575	177,834	235,705	471,410	9,425	34,830
Mortgage Recording Tax	-	-	-	-	-	-	-
TOTALS	\$ 43,436	\$ 181,572	\$ 286,829	\$ 376,543	\$ 753,085	\$ 15,201	\$ 56,178
Payments in Lieu of Taxes ("PILOTS")							
County	\$ 5,204	\$ 6,064	\$ 11,324	\$ 6,530	\$ 20,123	\$ 1,870	\$ 5,760
Local	14,571	16,980	31,706	18,285	56,343	5,237	16,128
School	32,265	37,599	70,207	40,488	124,760	11,597	35,711
TOTALS	\$ 52,040	\$ 60,643	\$ 113,237	\$ 65,303	\$ 201,226	\$ 18,704	\$ 57,599

Full-time Equivalent Jobs Created & Retained**

# FTE Jobs	0	0	0	0	0	0	0
Original Estimate of Jobs to be Created	0	30	10	50	400	5	2
Original Estimate of Jobs to be Retained	0	0	0	0	0	0	0
Current # of FTEs	1	1	2.5	75	76.5	0	3
# of FTE Construction Jobs During Fiscal Year	0	0	0	0	0	0	0
Net Employment Change (ie, from project inception)	1	1	2.5	75	76.5	0	3

* Real Property Tax Exemptions indicate the total amount for which a project would have been liable if the project occurred but the IDA was not involved.

** PARIS amounts may differ due to software constraints.

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTAL INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

	MacQuesten/ 130 Modern	Regent Hospitality Linen Services	Target	Titus Mt. Vernon	Zion Court	Oakwood Gardens	Sandford Terrace
Real Property Tax Exemptions*:							
Local Sales Tax	\$ -	\$ 742	\$ -	\$ -	\$ -	\$ 20,400	\$ -
State Sales Tax	-	804	-	-	-	22,100	-
Real Property Tax							
County	21,510	4,018	72,396	3,330	13,900	27,904	2,245
Local	60,229	11,250	202,707	9,324	38,919	78,131	6,286
School	133,363	24,910	448,852	20,646	86,179	173,005	13,920
Mortgage Recording Tax	-	-	-	-	-	-	-
TOTALS	\$ 215,102	\$ 41,724	\$ 723,955	\$ 33,300	\$ 138,998	\$ 321,540	\$ 22,451

Payments in Lieu of Taxes ("PILOTS")							
County	\$ 3,936	\$ -	\$ 27,001	\$ 3,272	\$ 4,754	\$ 6,960	\$ 2,902
Local	11,020	-	75,604	9,324	13,313	19,487	8,124
School	24,401	-	167,408	20,646	29,478	43,150	17,990
TOTALS	\$ 39,357	\$ -	\$ 270,013	\$ 33,242	\$ 47,545	\$ 69,597	\$ 29,016

Full-time Equivalent Jobs Created & Retained**

# FTEs before IDA status	5	0	0	0	0	3	1
Original Estimate of Jobs to be Created	10	15	0	0	0	0	0
Original Estimate of Jobs to be Retained	5	0	0	0	0	0	1
Current # of FTEs	28	0	229	2.5	1	3	1
# of FTE Construction Jobs During Fiscal Year	0	0	0	0	0	27	0
Net Employment Change (ie, from project inception)	23	0	229	2.5	1	0	0

* **Real Property Tax Exemptions indicate the total amount for which a project would have been liable if the project occurred but the IDA was not involved.**
**** PARIS amounts may differ due to software constraints.**

*** *MVIDA Project to commence with Tax Abatement/PILOT payments in Jan. 2018*

OTHER REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR’S 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

To the Board of Directors
Mount Vernon Industrial Development Agency
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 Mount Vernon Industrial Development Agency (“Agency”), a component unit of the City of Mount Vernon, New York, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements, and have issued our report thereon dated April 5, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings, we identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings as 2020-1 through 2020-2, which continue for 2021, to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency’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 determination of financial statement amounts. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as findings 2020-03 through 2020-04, which continue as noted for 2021.

Mount Vernon Industrial Development Agency’s Responses to Findings

The Mount Vernon Industrial Development Agency’s responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Agency’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 Agency’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 Agency’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RBT CPAs, LLP

Newburgh, New York
April 5, 2023

**CITY OF MOUNT VERNON, NEW YORK
SCHEDULE OF FINDINGS AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2021**

A. Internal Control over Financial Reporting Findings

Material Weaknesses:

2020-001 Accounting Records

Condition:	The Agency did not maintain complete and updated accounting records during the year.
Criteria:	The Agency has a responsibility to maintain complete and updated financial records.
Cause:	The Agency has set up and is using Quickbooks accounting software to maintain its accounting records. However the transactions for 2020 and 2021 were recorded “after the fact” such that the billing function was not used, requiring additional reconciliations. Further accruals were not always recorded and posting errors were made such that there were significant audit entries.
Effect:	Financial reports produced by the accounting software wre not always accurate and the financial information provided to start the audit was not accurate in many cases.
Recommendation	The Agency has made much improvement over 2019, however RBT recommends that the Agency’s accounting software be used for billing and supporting schedules be reconciled to the accounting software monthly to ensure accurate reporting and provide a clear audit trail.

2020-002 PILOT Billing, Collections and Remittances to Taxing Entities

Condition:	The Agency recouped inadvertently paid out fees pertaining to 2018 in 2019 and misclassified a settlement on past due lease revenue payments as a PILOT receipt in 2019 such that it was remitted to the taxing entities in error in 2020. The amount of the fees remitted in error was \$74,548 and the amount of the settlement was \$125,181.
Criteria:	The Agency is charged with billing, collecting and remitting PILOT payments due from projects to the respective taxing entities, generally the City of Mount Vernon, the Mount Vernon City School District and the County of Westchester according the PILOT agreements.
Cause:	The Agency did not have a set of double entry accounting records from September 2019 until December 2021. The Agency maintained its billing, collecting and remitting transactions on spreadsheets. The Agency did not necessarily verify the billings, collections and remittances to the underlying PILOT agreements.
Effect:	The Agency over-remitted PILOT payments to the taxing authorities by \$199,729 at December 31, 2021.
Recommendation:	As noted above, the Agency should reconcile its accounting software with its supporting schedules to avoid missclassifications of receipts. Further it should follow up with the City with regard to the return of these funds.

**CITY OF MOUNT VERNON, NEW YORK
SCHEDULE OF FINDINGS AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2021**

B. Compliance Findings:

2020-003 1099 Reporting

- Condition: The Agency did not properly issue all 1099s during the year ended December 31, 2020, although it made payments to sub-contractors.
- Criteria: The Agency is required to file 1099s in accordance with IRS rules and regulations.
- Cause: The Agency was unaware that they were required to issue 1099s for certain entities.
- Effect: The Agency is not in compliance with IRS rules and regulations for 2020.
- Recommendation: RBT noted that the Agency filed its 1099s for 2021 and recommends that the Agency continue to be in compliance IRS rules and regulations.

2020-004 PARIS Reporting

- Condition: The 2020 and 2021 PARIS Reports have yet to be filed.
- Criteria: Legislative requirements state that the Agency is to send its Annual Report to the Authorities Budget Office within 90 days of year end.
- Cause: The Agency's required audits are not yet complete.
- Effect: The Agency is not in compliance with legislative requirements and has been subject to sanctions by the Authorities' Budget Office. The Agency currently cannot authorize tax benefits for projects.
- Recommendation: RBT recommends that the Agency prepare the PARIS Reports as soon as possible upon issuance of the audit report for 2021 and 2020 according to the guidelines set by the Authorities Budget Office and plan to complete its 2022 audit on a timely basis.



Mount Vernon Industrial Development Agency

City Hall – 1 Roosevelt Square
Mount Vernon, New York 10550
(914) 665-2300

Shawyn Patterson-Howard
Mayor/ Chairman

Darren M Morton, Ed.D., CPRP, CMFO
Treasurer

February 13, 2023

Linda Hannigan, CPA
RBT CPA's LLC
11 Racquet Road
Newburgh, New York 12550

Re: City of Mt. Vernon Industrial Development Agency
Response to Fiscal Year 2020 and 2021 Audit Report Findings

Dear Ms. Hannigan:

On January 1, 2020, Mayor Shawyn Patterson-Howard took office as the Mayor of the City of Mount Vernon ("City") and Chair of the City of Mount Vernon Industrial Development Agency ("Agency"). The Patterson-Howard administration inherited disorganized and inaccurate records, which coupled with the COVID-19 pandemic and limited staffing, made completing the audit a substantial effort.

Of particular note was the difficulty in accessing the QuickBooks financial management program utilized by the previous administration to track the income and expenses of the Agency. Current Agency staff had to reconcile a significant number of entries. It is also important to note that this failure impacted the Agency's ability to record its income and expenses in a double entry manner for subsequent years.

Below are the Agency's response to the findings related to the 2020 and 2021 fiscal audit.

2020-001 Accounting Records

The Agency did not maintain complete and updated accounting records during the year.

The Agency has a dedicated staff accountant who began work in 2020. Due to the difficulty in accessing the QuickBooks and other accounting records, significant work was needed to bring the accounting records current. The Agency will continue to maintain accounting records on this platform and will reconcile the accounts on a monthly basis.

2020 - 002 PILOT Billing, Collections and Remittances to Taxing Entities

The Agency recouped inadvertently paid out fees pertaining to 2018 and 2019 and misclassified a settlement on past due lease revenue payments as a PILOT receipt in 2021 such that it was remitted to the taxing entities in error in 2020. The amount of the fees remitted in error was \$74,548 and the amount of the settlement was \$125,181.

As previously stated, current Agency leadership inherited disorganized and inaccurate records.

The Agency will record PILOT payments due at the beginning of the year with a corresponding liability due to the respective taxing jurisdictions. When PILOT payments are received such receipt will be accurately recorded in the receivable and expense accounts.

2020 - 003 1099 Reporting

The Agency did not properly issue all 1099s during the year ended December 31, 2020, although it made payments to sub-contractors.

Without staff in place, reporting obligations for year ending December 31, 2020 were not fulfilled. The Agency will issue 1099s for the year ending December 31, 2021 and will continue to do so on an annual basis.

2020 - 004 PARIS Reporting

The 2020 and 2021 PARIS Report have yet to be filed.

The lack of PARIS Reporting is a direct result of the delayed completion of the fiscal audit. With the completion of the fiscal audit for the year ending December 31, 2020 and 2021 and acceptance by the Board, the PARIS report will be completed as soon as possible.

Sincerely,



Hon. Brian G. Johnson
Board Secretary