

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, 2019

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

Disclaimer of Opinion and Unmodified Opinion

We have audited the 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 year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Disclaimer of Opinion on the Statements of Revenues, Expenses and Changes in Net Position and Cash Flows

Because of the significance of the matter described in the Basis for Disclaimer of Opinion and Unmodified Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Statements of Revenues, Expenses and Changes in Net Position and Cash Flows. Accordingly, we do not express an opinion on these statements.

Unmodified Opinion on the Statement of Net Position

In our opinion, the accompanying financial statement referred to above present fairly, in all material respects, the financial position of the Mount Vernon Industrial Development Agency as of December 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

Basis for Disclaimer of Opinion and Unmodified 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") Auditing Standards, 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 opinion.

Matter Giving Rise to the Disclaimer of Opinion on the Statements of Revenues, Expenses and Changes in Net Position and Cash Flows

Management was unable to provide sufficient appropriate audit evidence to support the billings and collections of revenues and to support the accrual, classification and payment of Agency expenses.

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 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. Because of the matter described in the Basis for Disclaimer of Opinion and Unmodified Opinion section, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Statements of Revenues, Expenses and Changes in Net Position and Cash Flows. 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 4-5, 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 13-15. The other information comprises the Schedule of Other Information but does not include the basic financial statements and our auditor's report thereon. 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.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2022 on our consideration of the Mount Vernon Industrial Development 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 effectiveness of the Agency'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 Agency's internal control over financial reporting and compliance.

RBT CPAs, LLP

Newburgh, NY

July 14, 2022

**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, 2019, as mandated by Government Accounting Standards Board ("GASB") Statement No. 34. This information should be reviewed in conjunction with the Agency's audited financial statements.

SUMMARY OF NET POSITION

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>
Current Assets	\$ 3,061,483	\$ 3,508,377	\$ (446,894)	-12.74%
Capital Assets	1,530,548	1,589,345	(58,797)	-3.70%
Total Assets	4,592,031	5,097,722	(505,691)	-9.92%
<u>LIABILITIES AND DEFERRED INFLOWS</u>				
Liabilities and Deferred Inflows	1,895,735	1,468,678	427,057	29.08%
<u>NET POSITION</u>				
Net Investment in Capital Assets	1,530,548	1,589,345	(58,797)	-3.70%
Reserved	-	163,983	(163,983)	100.00%
Unrestricted	1,165,748	1,875,716	(709,968)	-37.85%
Total Net Position	\$ 2,696,296	\$ 3,629,044	\$ (932,748)	-25.70%

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

<u>REVENUES</u>	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>
Operating Revenues	\$ 316,212	\$ 889,282	\$ (573,070)	-64.44%
Other Income	5,357	1,356	4,001	295.06%
Payment in Lieu of Taxes	-	1,054,180	(1,054,180)	-100.00%
Total Revenues	\$ 321,569	\$ 1,944,818	\$ (1,623,249)	-83.47%
<u>EXPENSES</u>				
Operating Expenses	\$ 1,150,546	\$ 1,303,314	\$ (152,768)	-11.72%
Non-operating Expenses	-	1,055,536	(1,055,536)	-100.00%
Total Expenses	1,150,546	2,358,850	(1,208,304)	-51.22%
Change in Net Position	\$ (828,977)	\$ (414,032)	\$ (414,945)	100.22%

**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 \$2,696,296 at December 31, 2019.

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 2019, the City of Mount Vernon Industrial Development Agency (the "MVIDA") played a minimal role in supporting the economic development efforts of the City.

The Board of Directors held four meetings during the year. Due to a chaotic change in City leadership, no new projects closed during the year. All staff and board members were released in August 2019 and the MVIDA discontinued regular meetings thereafter. Robert Half Staffing Agency ("Robert Half") was engaged to provide financial staff to ensure ongoing financial obligations of the Agency were maintained. Various recordkeeping systems were utilized throughout the year. By year-end, the staffing arrangement with Robert Half was discontinued.

The new administration inherited disorganized and inaccurate records, which, coupled with the COVID-19 pandemic and the failure of the previous auditors to transition all of their 2018 work papers to the current auditors, made completing the 2019 audit a herculean 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 MVIDA. The new administration required the intercession of Intuit's General Counsel (the software company which owns QuickBooks) to provide access to the software. Once logged in, current MVIDA staff had to reconcile a significant number of entries. It is also important to note that this failure impacted the MVIDA's ability to record its income and expenses in a double entry manner for subsequent years.

In short, the neglect of the previous administrations left the current leadership with the obligation to address many unpaid invoices and litigation matters. The MVIDA spent the better part of 2020 and 2021 reconciling accounts, identifying arrears, and taking inventory of its current projects. The 2018 Annual Fiscal Audit was completed and adopted in May 2020.

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

As of December 31	2019
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,764,767
Cash - Restricted (Note 2)	848,594
PILOT Receivable	177,418
Other Receivables	263,538
Prepaid Expenses	<u>7,166</u>
Total Current Assets	<u>3,061,483</u>
Capital Assets:	
Land	245,000
Buildings and Equipment, Net of Accumulated Depreciation of \$934,546 (Note 3)	<u>1,285,548</u>
Net Capital Assets	<u>1,530,548</u>
TOTAL ASSETS	<u>4,592,031</u>
LIABILITIES	
Accounts Payable and Accrued Liabilities (Note 4)	69,071
Due to Other Governments	967,932
Security Deposits (Note 2)	<u>828,594</u>
Total Liabilities	<u>1,865,597</u>
DEFERRED INFLOWS OF RESOURCES	<u>30,138</u>
NET POSITION	
Net Investment in Capital Assets	1,530,548
Unrestricted	<u>1,165,748</u>
Total Net Position	<u><u>\$ 2,696,296</u></u>

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

For the Year Ended December 31	2019
Operating Revenues:	
Administrative and Closing Fees	\$ 243,710
Rental Income	<u>72,502</u>
Total Operating Revenues	<u>316,212</u>
Operating Expenses:	
Salaries	275,007
Payroll Taxes	40,259
Employee benefits	6,044
Insurance Expense	317
Professional Service Contracts	388,074
Contractual Services	113,348
Travel and Meetings	11,354
Office Expense	78,229
Advertising	89,894
Miscellaneous	15,712
Administrative Fees	73,511
Depreciation Expense	<u>58,797</u>
Total Operating Expenses	<u>1,150,546</u>
Operating Loss	<u>(834,334)</u>
Non-Operating Revenues:	
Interest Income	<u>5,357</u>
Net Non-Operating Revenues	<u>5,357</u>
Change in Net Position	<u>(828,977)</u>
Net Position, Beginning, Unadjusted	3,629,044
Prior Period Adjustment (Note 5)	<u>(103,771)</u>
Net Position, Beginning, Adjusted	<u>3,525,273</u>
Net Position, Ending	<u><u>\$ 2,696,296</u></u>

See Notes to the Financial Statements

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

For the Year Ended December 31	2019
Cash Flows From Operating Activities:	
Receipts from Providing Services	\$ 316,212
Payments to Vendors	<u>(1,137,125)</u>
Net Cash (Used) by Operating Activities	<u>(820,913)</u>
Cash Flows From Non-Operating Activities:	
Receipts from Collections of PILOT Receivables	1,551,577
Payments to Taxing Jurisdictions	<u>(1,071,219)</u>
Net Cash Provided by Non-Operating Activities	<u>480,358</u>
Cash Flows From Investing Activities:	
Interest Income	<u>5,357</u>
Net Cash Provided by Investing Activities	<u>5,357</u>
Net Decrease in Cash and Cash Equivalents	(335,198)
Cash and Cash Equivalents - Beginning	<u>2,948,559</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 2,613,361</u></u>
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:	
Operating (Loss)	\$ (834,334)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	58,797
Changes in Assets and Liabilities:	
Decrease in Prepaid Expense	(6,500)
(Decrease) in Accounts Payable and Accrued Expenses	<u>(38,876)</u>
Net Cash Provided by Operating Activities	<u><u>\$ (820,913)</u></u>

See Notes to the Financial Statements

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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 nine members. The Agency Board, in particular, is 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 legislature of the City of Mount Vernon but rather by the Mayor in her capacity as the Agency Board Chair and who then serve at the pleasure of the Agency Board Chair. 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 for 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, 2019**

1. Organization and Summary of Significant Accounting Policies (Continued)

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.

Cash and Cash Equivalents

For the purpose of presenting the Statement 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 re-affirmed 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.

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.

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.

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016**

1. Organization and Summary of Significant Accounting Policies (Continued)

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 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”.

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.

Subsequent Events

The Agency evaluated subsequent events for disclosure and/or recognition in the financial statements from December 31, 2019, and through July 14, 2022, the date on which the financial statements were approved for issuance.

2. Cash – Restricted

Cash – restricted represents cash held by the Agency for a specified purpose. Restricted cash amounted to \$848,594 as of December 31, 2019. The Agency has recorded a security deposit liability of \$828,594 for project deposits and \$20,000 included in Due to Other Governments for a non-MVIDA project deposit.

3. 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.

Capital assets consisted of the following at December 31, 2019:

Land	\$ 245,000
Buildings and Equipment	2,213,956
Furniture & Fixtures	6,138
Less: Accumulated Depreciation	<u>(934,546)</u>
Net Capital Assets	<u><u>\$ 1,530,548</u></u>

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

3. Capital Assets (Continued)

Depreciation expense amounted to \$58,797 for the year ended December 31, 2019.

4. Accounts Payable and Accrued Liabilities

At December 31, 2019, accounts payable and accrued liabilities consisted primarily of professional services and payroll liabilities incurred of \$69,071.

5. Prior Period Adjustments

A net correction was made of \$(103,771) to the January 1, 2019 beginning net position to reflect adjustments to PILOT receivables and related liabilities, and accruals not documented.

6. Subsequent Events

The Agency has been subject to several lawsuits, all but one having been settled by the date of this report. Negotiations are in progress, however any settlements are not expected to be material to the financial statements.

7. 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 INFORMATION

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019**

	22 South West Street	Ace Natural Foods	American Christmas (Warren Pl)	Blue Rio/ 203 Gramatan	Dominican Magic	Enclave on 5th	Enclave at Fleetwood	Grace Plaza
Real Property Tax Exemptions*:								
Sales Tax Exemption	\$ 8,906	\$ -	\$ 38,546	\$ -	\$ -	\$ -	\$ -	\$ -
Real Property Tax	-	115,637	166,988	607,896	76,354	136,930	145,073	43,562
Mortgage Recording Tax	-	-	-	-	-	-	-	-
TOTALS	\$ 8,906	\$ 115,637	\$ 205,534	\$ 607,896	\$ 76,354	\$ 136,930	\$ 145,073	\$ 43,562

Payments in Lieu of Taxes (PILOTS)

County	PILOT	\$ 10,485	\$ 5,000	\$ 8,189	\$ 4,848	\$ 3,756	\$ 11,018	\$ 5,077
Local	begins in	29,359	14,000	22,928	13,574	10,517	30,850	14,216
School	2021	65,010	31,000	50,769	30,058	23,287	68,312	31,478
TOTALS	\$ -	\$ 104,854	\$ 50,000	\$ 81,886	\$ 48,480	\$ 37,560	\$ 110,180	\$ 50,771

Full-time Equivalent Jobs Created & Retained**

# FTEs before IDA status	0	35	0	0	15	0	15	0
Original Estimate of Jobs to be Created	0	12	20	305	42	0	215	0
Original Estimate of Jobs to be Retained	0	0	0	0	15	0	15	0
Current # of FTEs	0	35	130	3	13	1	15	1
# of FTE Jobs Created During Fiscal Year	0	0	0	0	0	0	0	0
#of FTE Construction Jobs During Fiscal Year	0	0	0	0	0	0	0	0
Net Employment Change (ie, from project inception)	0	0	130	3	-2	1	0	1

* 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 OTHER INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Grace Terrace	Grace Towers	Heritage North/Mount Vernon North	Heritage South/Mount Vernon South	Kings Court	Macedonia Towers	MacQuesten /1 30 Modern	Regent Hospitality Linen Services
Real Property Tax Exemptions*:								
Sales Tax Exemption	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Real Property Tax	182,095	287,655	363,018	1,452,070	15,247	56,340	275,893	40,295
Mortgage Recording Tax	-	-	-	-	-	-	-	-
TOTALS	\$ 182,095	\$ 287,655	\$ 363,018	\$ 1,452,070	\$ 15,247	\$ 56,340	\$ 275,893	\$ 40,295

Payments in Lieu of Taxes (PILOTS)

County	\$ 5,916	\$ 11,048	\$ 83,789	\$ 18,988	\$ -	\$ -	\$ 7,066	\$ 2,858
Local	16,566	30,933	23,462	53,167	18,249	56,194	19,785	8,003
School	36,682	68,495	51,951	117,726	-	-	43,809	17,721
TOTALS	\$ 59,164	\$ 110,476	\$ 159,202	\$ 189,881	\$ 18,249	\$ 56,194	\$ 70,660	\$ 28,582

Full-time Equivalent Jobs Created & Retained**

# FTEs before IDA status	0	0	0	0	0	0	5	0
Original Estimate of Jobs to be Created	30	10	50	400	0	0	100	15
Original Estimate of Jobs to be Retained	0	0	0	0	0	0	0	0
Current # of FTEs	2	3	75	0	0	2	28	0
# of FTE Jobs Created During Fiscal Year	0	0	0	0	0	0	0	0
#of FTE Construction Jobs During Fiscal Year	0	0	0	0	0	0	0	0
Net Employment Change (ie, from project inception)	2	3	75	0	0	2	23	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.

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF OTHER INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Target	Titus Mt. Vernon (60 West)	Zion Court	Sandford Terrace	Oakwood Gardens
Real Property Tax Exemptions*:					
Sales Tax					
Sales Tax Exemption	\$ -	\$ -	\$ -	\$ -	\$ 42,500
Real Property Tax	726,035	-	139,399	-	-
Mortgage Recording Tax	-	-	-	-	100,900
TOTALS	\$ 726,035	\$ -	\$ 139,399	\$ -	\$ 143,400

Payments in Lieu of Taxes (PILOTS)						
County	\$ 24,503	\$ -	\$ 3,139	PILOT	PILOT	
Local	68,608	-	8,789	begins in	begins in	
School	151,917	-	19,462	2020	2020	
TOTALS	\$ 245,028	\$ -	\$ 31,390	\$ -	\$ -	

Full-time Equivalent Jobs Created & Retained**

# FTEs before IDA status	0	0	1	1	0
Original Estimate of Jobs to be Created	0	0	0	0	3
Original Estimate of Jobs to be Retained	0	0	0	0	0
Current # of FTEs	222	3	1	1	3
# of FTE Jobs Created During Fiscal Year	0	0	0	0	3
#of FTE Construction Jobs During Fiscal Year	0	0	0	0	27
Net Employment Change (ie, from project inception)	222	3	0	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.**

OTHER REPORTING REQUIRED BY
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 (the “Agency”), a component unit of the City of Mount Vernon, New York, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements, and have issued our report thereon dated July 14, 2022.

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 findings 2019-1 through 2019-6 to be material weaknesses.

Report on 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 2019-007 through 2019-009

Mount Vernon Industrial Development Agency's Response to Findings

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

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
July 14, 2022

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
MOUNT VERNON, NEW YORK
SCHEDULE OF FINDINGS**

A. Internal Control over Financial Reporting Findings

Material Weaknesses:

2019-001 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's management maintained accounting records through August 2019 but which was not provided to subsequent management. From September 2019 to December 2021 the Agency's accounting records were maintained on a series of spreadsheets which did not constitute a double entry set of accounting records.
Effect:	The financial data recorded in the spreadsheets was not complete at year end. The entire 2019 and subsequent years' accounting records had to be re-created.
Recommendation	RBT recommends that the Agency's accounting records be kept on a central server with access controlled by a user name and password, and having an administrator who is outside Agency management. RBT recommends the Agency consider hiring an outside IT consultant to work with the City of Mount Vernon.

2019-002 Audit Entries

Condition:	The Agency did not record the audit entries for the year ended 2018.
Criteria:	The Agency has a responsibility to maintain complete and updated financial records.
Cause:	The 2018 audit was not issued until 2021. However the Agency did not receive/was not provided the 2018 audit entries nor the support for the audited balances and the entries by the former auditor.
Effect:	The Agency recorded the audited balances without complete support and/or explanatory information such that numerous opening balances had to be adjusted and/or written off.
Recommendation:	RBT recommends that upon acceptance of the audited financial statements, the Agency record the audit entries and update any schedules as appropriate.

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
MOUNT VERNON, NEW YORK
SCHEDULE OF FINDINGS**

Material Weaknesses (Continued):

2019-003 Bank and General Ledger Reconciliations

- Condition: The Agency has not been reconciling its cash accounts and other general ledger accounts on a timely basis. Bank account reconciliations for 2019 were not completed until 2022. Reconciliations for significant assets and liabilities were not completed until 2022.
- Criteria: Account reconciliations are a basic tenet of internal controls and should be performed on a regular, preferably monthly, basis.
- Cause: The Agency did not have a set of double entry accounting records from September 2019 until December 2021. Therefore there were no accounting records to which schedules and reconciliations could be agreed.
- Effect: The Agency did not have accounting records for the period September 2019 through December 2021 which could be relied upon.
- Recommendation: The Agency should reconcile its cash accounts and significant asset and liability accounts to supporting scheduling on a monthly basis. The Board should receive reports from the Agency's accounting software which general ledger balances have been reconciled. The Board (or its designee) should periodically inspect these reconciliations to confirm that they are being prepared and performed correctly.

2019-004 Overstated Assets and Liabilities

- Condition: The Agency recorded two bank accounts on its books that were not owned by the Agency and were not in the Agency's name. The balances at December 31, 2019 and January 1, 2019 for these two accounts amounted to \$31,243. The Agency reported one bank account on its books as of December 31, 2019 and January 1, 2019 in the amount of \$96,115 when the bank balance was \$0.
- Criteria: The Agency's accounting records should only reflect assets that exist and are owned by it.
- Cause: The Agency did not have a set of double entry accounting records from September 2019 until December 2021. There were no accounting records to which bank statements could be compared and no comparison was done.
- Effect: The Agency's assets and liabilities were overstated by a total of \$127,358.
- Recommendation: The Agency should authorize the existence of all its bank accounts at its annual re-organization meeting, designating authorized signers documenting the purpose of the accounts. When new accounts are opened a similar process should be followed.

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
MOUNT VERNON, NEW YORK
SCHEDULE OF FINDINGS**

Material Weaknesses (Continued):

2019-005 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 \$74,548 in 2019 and \$125,181 in 2020 for 2019 receipts.
Recommendation:	The Agency should record the billing of all PILOT payments due at the beginning of the year with a corresponding liability, Due to Taxing Authorities. When PILOT collections are received, the PILOT Receivable account should be reduced, and not recorded as revenue. When PILOT collections are remitted to the taxing authorities, the PILOT liability should be reduced and not recorded as an expense. The Agency should maintain a supporting schedule which documents the details of the outstanding PILOT receivable and PILOT liability. The Agency should implement procedures to periodically review the supporting schedules with the general ledger balances and determine further collection procedures , if necessary.

2019-006 Lack of Documentation for Expenses and Revenues

Condition:	The Agency did not maintain complete and accurate records for revenues and expenses.
Criteria	The Agency is required to maintain adequate supporting records of all transactions occurring within the fiscal year in order to properly record and support all financial records.
Cause:	The Agency was unable to locate support for a majority of our revenue test selections and our disbursement test selections. The Agency was the subject of an investigation by the Office of the NY State Comptroller who obtained and returned records without an inventory being taken. Current management was not present at that time.
Effect:	The revenues and expenses could not be verified resulting in a disclaimer of opinion on the Statement of Revenues, Expenses and changes in Net Position. Fraudulent activities may have occurred.
Recommendation:	RBT recommends that all Agency documents be digitized such that any requests for documents can be fulfilled without any impact to the Agency's recordkeeping. We recommend that the Village maintain all original debt issuance documents and schedules, leases, and bids received and adopt and adhere to a filing policy. Guidance for local municipalities can be found in the New York State Archives publication, "Records Retention and Disposition Schedule MU-1". We also recommend that all balances submitted to other authorities be supported by schedules identifying the makeup of those balances for proper reporting and accuracy.

**MOUNT VERNON INDUSTRIAL DEVELOPMENT AGENCY
MOUNT VERNON, NEW YORK
SCHEDULE OF FINDINGS**

B. Compliance Findings:

2019-007 Payroll Taxes Reporting

Condition:	The Agency did not properly file payroll tax reports for the third quarter of 2019.
Criteria:	The Agency is required to file and remit payroll taxes in accordance with IRS rules and regulations.
Cause:	The Agency did not move sufficient funds to the payroll account such that the payroll service did not pay the appropriate payroll tax payments.
Effect:	The Agency is not in compliance with IRS rules and regulations. The Agency incurred interest and penalties on the unpaid payroll taxes.
Recommendation:	RBT recommends that the Agency remit all payroll tax payments timely to ensure they are in compliance with IRS rules and regulations.

2019-008 1099 Reporting

Condition:	The Agency did not properly issue all 1099s during the year ended December 31, 2019, 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
Recommendation:	RBT recommends that the Agency issue 1099s for all required entities in order to ensure they are in compliance with IRS rules and regulations.

2019-009 PARIS Reporting

Condition:	The 2019 PARIS Report has 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 audit was not 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 and tax benefits to projects.
Recommendation:	RBT recommends that the Agency prepare the PARIS Report as soon as possible upon issuance of the audit report for 2019 according to the guidelines set by the Authorities Budget Office and plan accordingly in order to meet filing deadlines in the future.



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

July 8, 2022

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 2019 Audit Report Findings**

Dear Ms. Hannigan:

I took office as the Mayor of the City of Mount Vernon ("City") on January 1, 2020 following many years of political turmoil and chaos. In my capacity as Mayor, I also serve as the Chair of the City of Mount Vernon Industrial Development Agency ("Agency").

The Agency inherited disorganized and inaccurate records, which, coupled with the COVID-19 pandemic and the failure of the previous auditors to transition all of their 2018 work papers RBT CPAs, made completing the 2019 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. For example, the Agency required the intercession of Intuit's General Counsel (the software company which owns QuickBooks) to provide access to the software. Once logged in, 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 2019 fiscal audit.

2019 - 001 Accounting Records

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

To our actual knowledge, all staff and board members were released in August 2019. A staffing agency was engaged to provide financial staff to ensure ongoing financial obligations of the Agency were maintained. Various recordkeeping systems were utilized throughout the year. By year-end, the staffing arrangement was discontinued.

The Agency now has a dedicated staff accountant and will keep accounting records on a central server with controlled access with an administrator who is outside of Agency management.

2019 - 002 Audit Entries

The Agency did not record the audit entries for the year ended 2018.

Upon acceptance of the 2019 audited financial statements, the Agency will record entries and update any schedules as appropriate.

2019 – 003 Bank and General Ledger Reconciliations

The Agency has not been reconciling its cash account and other general ledger accounts on a timely basis. Bank account reconciliations for 2019 were not completed until 2022. Reconciliations for significant assets and liabilities were not completed until 2022.

On a go forward basis, the Agency will reconcile its cash accounts and significant asset and liability accounts on a monthly basis. The Agency Treasurer will periodically inspect the reconciliations to confirm they are being performed correctly.

2019 – 004 Overstated Assets and Liabilities

The Agency recorded two bank accounts on its books that were not owned by the Agency and were not in the Agency's name. The balances at December 31, 2019 and January 1, 2019 for these two account amounted to \$31,243. The Agency reported one bank account on its books as of December 31, 2019 in the amount of \$96,115 when the bank balance was \$0.

As previously stated, current Agency leadership inherited disorganized and inaccurate records. The Agency will consider annual authorization of all bank accounts and designate authorized signors as well as the purpose of each account.

2019 – 005 PILOT Billing, Collections and Remittances to Taxing Entities

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.

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.

2019 – 006 Lack of Documentation for Expenses and Revenues

The Agency did not maintain complete and accurate records for revenue and expenses.

Agency records were provided to the state comptroller by the previous administration without adequately creating duplicate copies of those records in the event they were lost, misplaced or not returned.

The Agency will strive to digitize all agency documents for proper records retention and documentation.

2019 - 007 Payroll Taxes Reporting

The Agency did not properly file payroll tax reports for the third quarter of 2019.

With the release of all Agency staff in August 2019, sufficient funds were not moved to the proper account to enable the payroll services provider to pay the appropriate obligations. All prior payroll obligations have since been satisfied. The Agency Treasurer will inspect the payroll reports quarterly to ensure timely filing and remittance.

2019 – 008 1099 Reporting

The Agency did not properly issue all 1099s during the year ended December 31, 2019, although it made payments to subcontractors.

Without staff in place, reporting obligations for year ending December 31, 2019 were not fulfilled. The Agency will issue 1099s on an annual basis to all vendors.

2019 – 009 PARIS Reporting

The 2019 PARIS Report has yet to be filed.

The lack of PARIS Reporting is a direct result of staff in place to complete the report together with the delayed completion of the fiscal audit.

With the completion of the fiscal audit for the year ending December 31, 2019 and acceptance by the Board, the PARIS report will be completed as soon as possible.

Sincerely,



Hon. Shawyn Patterson-Howard
Mayor and Board Chair

