

City of Mount Vernon, NY		
Update on Financial Information released to the Public (and some other related info)		
City of Mount Vernon (main city budget)	Yes	No
Quarterly Budget vs Actuals Released to the Public?		X
Audited Financial Statements up to date and Released to the Public?		X
<u>Comments:</u> <p>The failure to keep the public informed about city finances is due to the Comptroller's dereliction. However, with respect to spending, department heads (other than the Finance Dept) should be able to track actual spending relative to appropriations in near real time with a high degree of accuracy, and report that information to the mayor. With that information, the mayor should be able to provide draft spending information to the public on a quarterly basis.</p> <p>The City Council met on July 29, 2021 to set the date for a public hearing regarding the American Rescue Plan (ARP) budget. The mayor spoke briefly and reiterated to the Council that our situation with the sewers, police cars, and sanitation trucks is "dire". She asked the Council to schedule the hearing and enact the ARP budget as soon as possible. The plan is for the City Council to have the public hearing, deliberate, and pass the ARP budget on August 9, 2021. Once passed, it seems unlikely that the public will receive ARP Budget vs Actual updates until sometime in 2022.</p>		
Urban Renewal Agency	Yes	No
Audited Financial Statements up to date and Released to the Public?		X
<u>Comments:</u> <p>The URA budget is funded almost entirely by the US Dept of Housing and Urban Development (HUD). The last independent financial audit of the URA is dated 12/31/2016 (it wasn't released until July 2020). That audit revealed significant material weaknesses in internal financial controls at the URA. Despite this, HUD has pumped large amounts of addition money into the URA, almost doubling it's budget from 2020 to 2021 (\$3.25M to \$6.24M). The risk of moral hazard seems high.</p>		
Industrial Development Agency	Yes	No
Audited Financial Statements up to date and Released to the Public?		X
<u>Comments:</u> <p>NYS Law requires that the IDA file audited financial statements with the state every year. The URA is grossly out of compliance with this law. The last audited financial statement the IDA released to the public was for 2017. Thus, NYS has revoked the authority of the Mount Vernon IDA. The treasurer of the IDA (Daren Morton) gives verbal reports regarding IDA finances at monthly meetings. Unfortunately, written reports (e.g., P/L statements, balance sheet) are not released to the public. The status of independent financial audits for years 2018 through 2020 is not known.</p>		
Board of Water Supply	Yes	No
Audited Financial Statements up to date and Released to the Public?		X
<u>Comments:</u>		

The last audit of the BOWS was in 2017. It was released to the MV City Council in March 2021, but it was not released directly to the public. A MV resident had to file a Freedom of Information Act request to get the report. Like the finances of other MV cost centers, the auditors found that the BOWS did not have the systems in place to control BOWS finances. The status of subsequent independent financial audits is unknown.

Mount Vernon Public Library	Yes	No
Audited Financial Statements up to date and Released to the Public?		X

Comments:

At the July 21, 2021 meeting, several significant events occurred:

- 1) Vivien Salmon took over as President of the Board of Trustees. Given her experience managing healthcare systems (including the bizantine cost reimbursement programs these systems entail), this has the potential to be a positive development.
- 2) Cathlin Gleason was reappointed as head of the Finance Committee. This is a vexing decision by Dr. Salmon given that Ms. Gleason failed to provide proper oversight of library finances over the last several years. The evidence of this failure is the lack of auditable financial records and the need to hire (at taxpayer expense) a consultant (DSJCPA) to retroactively build and reconcile a financial system so an audit can then be conducted. Disturbingly, the terms of the consulting contract draft released on June 28, 2021 specifically state that the consultant "has not been engaged to detect or produce work product that could be used to detect fraudulent financial reporting, reporting errors, misappropriation of assets, or illegal activity." Also disturbing is the fact that, since Ms. Gleason has been reappointed to head the Finance Committee, she is the one who takes the lead on interfacing with DSJCPA.
- 3) In reply to a letter submitted by Allied Security (a vendor), in which they claimed to be owed money from the MVPL, Marcus A. Griffith said this: "In my analysis of our payments to Allied Security...we have overpaid them ...I believe they cashed multiple checks for the same invoices." Of course, Allied Security should not have cashed "multiple checks for the same invoice". However, the fact that that MVPL sent Allied Security multiple checks for the same invoice raises serious questions. For one, if Allied Security was sent multiple checks for the same service, how many other vendors were as well? And given the lack of recordkeeping and bank reconciliations, how would we even know? Recall that on 4/16/21 Mr. Griffith used the word "fraudulent" to describe past library financial records. The financial oversight at the library was so poor for so many years *-and across some 30 million taxpayer dollars* - that the risk of fraud, by any measure, can only be described as HIGH. And yet, rather than calling for a full scale investigation, the Board has hired a consultant to retroactively create a financial system but not to "detect or produce work product that could be used to detect fraudulent financial reporting". And to top it off, the board reappointed Ms. Gleason to oversee library finances.

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Audited Financial Statements up to date and Released to the Public?		x
<u>Comments:</u> Every time the City Council and/or Board of Estimate authorizes spending or the movement of money from 1 budget line to another, it is acknowledgement that they are tracking appropriations independent of disbursements made to vendors by the Comptroller. In other words, the administration knows what it is spending relative to budget appropriations, but it isn't sharing that financial information with the public in a way that conforms with the principles of open government.		
Urban Renewal Agency	Yes	No
Audited Financial Statements up to date and Released to the Public?		x
<u>Comments:</u> The finances of the URA have not been independently audited since 2016. The URA has not provided any status updates regarding independent financial audits of the agency. This is highly problematic. Darren Morton is the Finance Chair of the URA.		
Industrial Development Agency	Yes	No
Audited Financial Statements up to date and Released to the Public?		x
<u>Comments:</u> At the IDA meeting on September 9, 2021, it was disclosed (by finance chair Darren Morton) that the 2019 and 2020 audits have yet to be completed because IDA leadership cannot access the Quickbooks software that was used to track IDA finances for the first part of 2019. They do not know the password. This issue has been raised in prior meetings. At this point, the odds that the 2019 and 2020 audits will be completed before the end of 2021 seem low. If those audits are not completed, the agency is likely to remain out of compliance with state law, and remain unable to operate in a way that may benefit the city financially.		
Board of Water Supply	Yes	No
Audited Financial Statements up to date and Released to the Public?		x
<u>Comments:</u> With no independent audits after 2017 (you can read my critique of that audit here: <a href="https://img1.wsimg.com/blobby/go/ad3bd875-7cd3-4b34-8216-5f00574bf0ca/downloads/Board%20of%20Water%20Supply-%20Comments%20and%20Questions%20.pdf?ver=1628817112225">https://img1.wsimg.com/blobby/go/ad3bd875-7cd3-4b34-8216-5f00574bf0ca/downloads/Board%20of%20Water%20Supply-%20Comments%20and%20Questions%20.pdf?ver=1628817112225</a> ), residents have little insight into the finances of the BOWS. We do have a couple of bits of information due to comments made by City Council Member Duarte at the Sept 8 2021 City Council meeting. First, at minute 2:24:05 of the meeting, Ms. Duarte informed us that the BOWS budget is approximately \$13M-\$15M. Second, Ms. Duarte said this about the BOWS (minute 2:24:54): "It does impact the City's fiscal health, it is an integral part of our annual audits, as well as it is part of the budget- <i>we do count on excess revenues from the Water Department</i> ". Put simply, <u>residents are being overcharged for water</u> and the excess charges are funneled to the City as revenues. This allows the City to collect more money from residents without adding to the direct tax burden. It is tax by another name: water charge. Practices such as this are deceptive. Water should be provided to residents at cost and the City should be honest about the taxes needed to meet approved spending objectives.		

Mount Vernon Public Library	Yes	No
Audited Financial Statements up to date and Released to the Public?		x
<p align="center"><u>Comments:</u></p> <p>After a Special Board Meeting on September 7, 2021, the BOD released a document prepared by the financial consulting firm (DSJ). DSJ was hired to build an accounting system because the library has not had one for at least the last 7 years. Without an accounting system, independent financial auditors cannot (and will not) provide an audited financial statement. In addition to building a financial system, DSJ has been hired to function as interim Chief Financial Officer ("Treasurer") for the Library. I applaud new Board President Vivien Salmon for releasing this document, which exposes (in part) the breathtaking level of financial dysfunction and lack of financial oversight that has occurred at the library for at least the last 7 years. I encourage all Mount Vernon residents to read the report which can be found here: <a href="https://go.boarddocs.com/ny/mvpl/Board.nsf/Public">https://go.boarddocs.com/ny/mvpl/Board.nsf/Public</a> (click "Meetings" "Sep 7, 2021", "View Agenda", Item "2.4" and scroll down to the document "MVPL-DSJ Summary of Tasks Completed - 09.07.21)</p>		
Here are a few take aways from the DSJ report:		
1) 1,408 transactions <i>-spanning 7 years and totaling \$4.9M-</i> were not in the general ledger.		
2) 7 years of bank reconciliations across a dozen bank accounts were not completed.		
3) DSJ came across questionable debit card transactions "that are not consistent with a library's normal course of business." In total, DSJ discovered 596 debit card transactions totaling a little over \$50k. The public is entitled to a full accounting of who made these debit card purchases, what was purchased, and who on the Board was approving these purchases.		
4) In order to complete their work, DSJ needs full access to 3rd party payroll and benefits management systems (e.g., health insurance, life insurance, retirement). Marcus Griffith is the individual who would grant access to DSJ. However, according to DSJ, Mr. Griffith has refused to grant DSJ access to the systems. DSJ notes that "Mr. Griffith has displayed complete disrespect" towards the DSJ accountant who has been appointed by the BOD to function as Treasurer.		
5) Regarding Mr. Griffith's work habits, DSJ observes that "Mr. Griffith does not follow a set schedule" and it is "taking him an extended period of time to complete his daily tasks". DSJ notes that Mr. Griffith said it would take him a full day to complete a task that should take him only 1 or 2 hours.		
6) DSJ notes that while under Mr. Griffith's care during 2020 and 2021, 493 financial transactions have not been properly posted and that "some of the larger more significant items not posted include all payroll and employee benefits."		
Since 2018, Cathlin Gleason has been the Board member tasked with overseeing the finances of the Public Library. Before Ms. Gleason held that role it was held by Darren Morton.		

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Audited Financial Statements up to date and Released to the Public?		x
<p align="center"><u>Comments:</u></p> <p>The City has a new website where one can find "adopted" city budgets going back to 2008. It's important to note that "adopted" budgets are educated guesses regarding anticipated revenues and expenses. Typically, <b>actual</b> revenues and expenses are tabulated throughout the year so elected officials can compare their estimates to what is <b>actually</b> happening. This is the "education" elected officials need to develop the budget estimates to "adopt" for the next year.</p> <p>So, the actual revenues and expenses for 2021 (and prior years) should be used to inform the adopted budget for 2022. Of course, since the 2022 budget is due before all 2021 data are tabulated, some guess work is involved, particularly for the last quarter of the year. However over time, when current year adopted budgets are based on prior year actual financial information, competent elected officials can put together reasonably accurate estimates. And accurate budget estimates are extremely important because they help build trust between elected officials and the local residents who fund the bulk of city government operations through property taxes.</p> <p><i>To find <b>actual</b> revenue and expense data on the city website one has to go back to 2013, when Ernie Davis was Mayor*</i>. This is extraordinary. Does it mean that for the last eight years adopted budgets have not been based on actual financial data? And if not actual financial data, on what basis have budgets been adopted? It's fashionable to blame Comptroller Reynolds for fiscal opacity and the loss of our bond rating, but she appears to be carrying on a long tradition of keeping the public (and the financial markets) in the dark about the actual finances of the City of Mount Vernon.</p> <p>Right now, independent of the Comptroller, the Mayor should have a good estimate of how much money the city <b>actually</b> spent in 2021 through September. The fact that this information has not been shared with the public is unsettling.</p> <p><small>*An earlier version of this document erroneously said that to find actual revenue and expense data "<i>one has to go back to 2008, when Clinton Young was Mayor</i>" While that was factually incorrect, the fact that it's still been eight years since the public has had access to actual revenue/expense data is no less extraordinary.</small></p>		
Urban Renewal Agency	Yes	No
Audited Financial Statements up to date and Released to the Public?		x
<p align="center"><u>Comments:</u></p> <p>The finances of the URA have not been independently audited since 2016. The URA has not provided any status updates regarding independent financial audits of the agency. This is highly problematic. Darren Morton is the Finance Chair of the URA. At their October 2021 meeting he informed us that the city budget will have to absorb about \$850k in unpaid prior period health and insurance expenses that should have been paid through the URA budget but were not. You can read about it at <a href="https://mountvernoncitizen.org/blog">https://mountvernoncitizen.org/blog</a> in the file titled "Comments re Oct 19 21 URA Meeting 10.22.21"</p>		
Industrial Development Agency	Yes	No
Audited Financial Statements up to date and Released to the Public?		x
<p align="center"><u>Comments:</u></p>		

There appeared to be a video glitch at the October 28, 2021 IDA meeting. All we (the public) know from the video is that they were in "executive session".

Board of Water Supply	Yes	No
Audited Financial Statements up to date and Released to the Public?		x
Comments:		
<p>On the city's new website, one can find Board of Water Supply "Annual Financial Reports" for years 1984, 1990-1994, 1996-2014, 2016 and 2017. The 2017 audit is scathing. I wrote about that report in a file at <a href="https://mountvernoncitizen.org/blog">https://mountvernoncitizen.org/blog</a> titled "Board of Water Supply- Comments and Questions regarding the 2017 fiscal audit released to City Council March 8 2021 5.10.21".</p> <p>The audit reports posted for years 2007 to 2016 are missing key pages so getting a clear picture of the recent finances of the Board of Water Supply is difficult.</p>		
Mount Vernon Public Library	Yes	No
Audited Financial Statements up to date and Released to the Public?		x
Comments:		
<p>On October 7, Lohud reported that The Westchester District Attorney's Office opened an investigation into Library finances. This came on the heels of a report released by DSJCPA, an accounting firm hired by the library to help them get their books in sufficient order to be audited.</p> <p><a href="https://www.lohud.com/story/news/local/westchester/mount-vernon/2021/10/07/mount-vernon-library-finances-under-investigation/6020477001/">https://www.lohud.com/story/news/local/westchester/mount-vernon/2021/10/07/mount-vernon-library-finances-under-investigation/6020477001/</a></p>		

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Audited Financial Statements up to date and Released to the Public?		x
<u>Comments:</u> <p>City audits are now available at the city website <a href="https://cmvny.com/570/City-Audits">https://cmvny.com/570/City-Audits</a> Right now there are no audits available after 2015. Given that it's 2022, getting current on audited financials is still probably at least 2 or 3 years away. That means we will have several more budget cycles where the public is left to form judgements on adopted budgets without a clear understanding of our financial position as a city. That's very frustrating.</p> <p>One thing we should expect following the close of Q1 2022 is quarterly budget vs actual statements, since this is part of the city charter. In addition, we should expect a first draft of the proposed 2023 appropriated budget by the end of August 2022.</p>		
Urban Renewal Agency	Yes	No
Audited Financial Statements up to date and Released to the Public?		x
<u>Comments:</u> <p>At their meeting on 2/15/22, URA Executive Director Sylvia Bolivar said "right now I'm overseeing \$20M and have no program staff". Treasurer Morton reported that outstanding Health/Retirement Benefits invoices have grown to \$874k from the \$867k that was reported in October 2021.</p> <p>As far as I can tell, an independent audit of URA finances is not even on the agenda. It is not clear why since the finances of the URA have not been independently audited since 2016, and that audit revealed significant material weaknesses in internal financial controls at the URA. So with few people allocating millions of dollars, and a history of poor financial control, one would think a fiscal audit would be high on the agenda.</p>		
Industrial Development Agency	Yes	No
Audited Financial Statements up to date and Released to the Public?		x
<u>Comments:</u> <p>At the January 13, 2022 meeting, it was reported that the IDA is trying to finalized 2019 and 2020 audits within the first quarter of 2022. Comptroller Morton (who serves as the treasurer of the IDA and the URA) reported that shoddy past accounting practices have slowed them down but they have brought in some additional resources and are aggressively working to get caught up.</p>		
Board of Water Supply	Yes	No
Audited Financial Statements up to date and Released to the Public?		x
<u>Comments:</u> <p>As is the case with our other cost centers, we have no independently audited financial statement for the BOWS. This is of particular concern because in the 2022 city budget, there are new fees assessed on city water users, which means millions of more dollars will need to be accounted for by the BOWS. Do they have the systems in place to do this? As of the last independent financial audit (2017) the answer is a "no".</p>		
Mount Vernon Public Library	Yes	No
Audited Financial Statements up to date and Released to the Public?		x
<u>Comments:</u>		

At their January 19 2022 meeting, Trustee Gleason (chair of the finance committee) reported that the "2015 audit has been certified". However, even though it represents an accounting of the finances from 7 years ago, this audit has not been released to the public.

Subsequently, on February 15, 2022, the NYS Board of Regents filed a Petition to remove all members of the MVPL Board of Trustees. <https://www.regents.nysed.gov/common/regents/files/222bra4.pdf>



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Main City Budget	Yes	No
Quarterly Budget vs Actuals Released to the Public?		X
Audited Financial Statements up to date and Released to the Public?		X
<u>Comments:</u> <p>Fortunately, the city's finances (and it's infrastructure) are in the process of being saved by large inflows of money from the state and the federal government. So, while we cannot begin to restore our creditworthiness (i.e., our bond rating) without audits, with the state/federal government picking up the tab for new equipment, roads, sewers, and comprehensive plan development, who cares if we are creditworthy. I mean, the state/federal government obviously doesn't care. If they did, receiving money (e.g., the \$130m for sewers) would be contingent on evidence that the city finances are being managed properly. However, as it stands, the last audit available to the public is for calendar year 2015 and no progress reports have been provided to the public. In addition, no quarterly budget vs actual data has been reported to the public.</p> <p>The bottom line is this: until the city provides regularly scheduled, detailed financial status updates, public confidence that the finances are secure will remain elusive.</p>		
Urban Renewal Agency	Yes	No
Audited Financial Statements up to date and Released to the Public?		X
<u>Comments:</u> <p>The last independent audit of URA finances was done 5 years ago and it revealed significant material weaknesses in internal financial controls. In February I wrote <i>"with few people allocating millions of dollars, and a history of poor financial control, one would think a fiscal audit would be high on the agenda."</i> And yet, an independent financial audit isn't even on the URA agenda.</p>		
Industrial Development Agency	Yes	No
Audited Financial Statements up to date and Released to the Public?		X
<u>Comments:</u> <p>Unlike the URA, the IDA has a strong incentive to get caught up on financial audits. Without current audits, the IDA cannot operate independently, which means it cannot engage in activities such as granting PILOTS (i.e., tax breaks) to developers, which is an all too common <i>raison d'être</i> for IDAs. With that in mind, the results of the 2019 audit will be presented to the public in July, and the IDA hopes to complete the 2020 and 2021 financial audits by the fall. Once the 2021 audit is complete, the IDA will be in a position to grant PILOTS to developers.</p>		
Board of Water Supply	Yes	No

Audited Financial Statements up to date and Released to the Public?		X
<u>Comments:</u>		
<p>I reached out to BOWS Commissioner Carlton Spruill in February for a status update on outstanding financial audits (the last audit on the city website is for 2017). Commissioner Spruill replied that day and said the 2018 report was in development with the auditors, and 2019 was awaiting the 2018 opening balance. Commissioner Spruill graciously said reports will be made available when finished. I reached out on 5.21.22 for a status update. Commissioner Spruill said the 2018 report was in review for final reporting and once done it will be available for public review. So, BOWS audited financials for 2018 should be finished any day now.</p>		
Mount Vernon Public Library	Yes	No
Audited Financial Statements up to date and Released to the Public?		X
<u>Comments:</u>		
<p>The last detailed report given to the public about the work being done by DSJCPA was in September 2021. In addition acting as interim Library Treasurer, DSJ continues to reconcile accounts, secure supporting documentation, and build a general ledger to account for 7 years of financial transactions. Once this work is done, a separate auditing firm can complete the independent audits of newly constructed finances. I have serious concerns about the validity of this process. Based on the September 2021 DSJCPA report alone, an audit by the NYS OSC seems warranted. Why that has not happened is not clear.</p>		