



Mount Vernon Is in a Fiscal Emergency

A Call for State Financial Oversight

From: Mount Vernon Civic Integrity Project (MVCIP) | <https://mvcip.org>

Re: Mount Vernon Fiscal Emergency and Request for State Financial Oversight

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The Reality

Mount Vernon is not facing a one-year budget problem. It is trapped in a perpetual financial crisis driven by chronic mismanagement, weak financial controls, and unreliable budgeting. Without intervention, bankruptcy-level distress is a near-term risk.

Key Indicators

- No bond rating
- No reserve funds
- No completed audits after 2020
- Repeated reliance on tax anticipation notes (TANs)
- Persistent deficits and large budget-to-actual variances over more than a decade
- Public warnings from the City Comptroller that insolvency is possible within two years
- Repeated findings by the NYS Comptroller of late reporting and internal control failures
- Arbitrary and rushed budget adoption processes that undermine legality and transparency
- Property tax increases exceeding 40% over five years while service quality declines
- Declining sales tax revenue (-5.2%) while neighboring cities grow
- Over \$60 million in unpaid property taxes and repeated failed tax amnesty efforts
- Large number of properties threatened by foreclosure due to tax arrears

Why This Matters

Higher taxes without reform deepen the problem. Weak governance erodes public trust, damages creditworthiness, drives away business activity, and shifts the burden onto compliant taxpayers. This cycle cannot be broken without enforceable oversight.

Our Request

We urge state legislative leadership to:

- Publicly acknowledge Mount Vernon's fiscal emergency
- Stop enabling unethical and irresponsible local governance
- Introduce legislation establishing state financial oversight with real authority

What Oversight Should Do

- Enforce timely audits and financial reporting
- Require a credible multi-year recovery plan
- Oversee borrowing, major contracts, and labor agreements
- Mandate a fair and enforceable tax delinquency strategy

Oversight should be temporary, data-driven, and focused on restoring stability and trust.

Additional Information

Source: Mount Vernon Integrity Project Blog

Large budget-to-actual variances are a classic warning sign of weak financial controls. When projections routinely miss reality by millions of dollars, budgeting stops being planning and becomes theater.

Mount Vernon’s 2024 Budget vs. Actuals reveal that revenues and expenses missed their targets across multiple major categories — not at the margins, but at levels significant enough to reshape the City’s fiscal picture.

City of Mount Vernon, 2024 Financial Actuals (unaudited)

Select Revenue Items	Budget	Actual	Dollar Variance	% Variance
Property Tax Collected	\$73,417,187	\$70,723,689	\$2,693,498	3.7%
Building Dept. Fees & Alt. Permits	\$3,000,000	\$3,437,847	\$437,847	14.6%
Real Property Transfer Tax	\$3,000,000	\$2,375,124	\$624,876	20.8%
Sale of Real Property	\$1,125,000	\$0	\$1,125,000	100.0%
Gain from Sale of Tax Acquired	\$1,800,000	\$0	\$1,800,000	100.0%
Interest on Real Property Taxes	\$2,000,000	\$846,975	\$1,153,025	57.7%
Sales and Use Tax	\$28,200,000	\$29,092,094	\$892,094	3.2%
General-Memorial Field	\$800,000	\$176,022	\$623,978	78.0%
Sewer Charges	\$1,900,000	\$2,153,276	\$253,276	13.3%
Refuse and Garbage Charges	\$6,200,000	\$6,123,362	\$76,638	1.2%
Total Revenue	\$149,575,733	\$143,434,101	(\$6,141,632)	4.1%

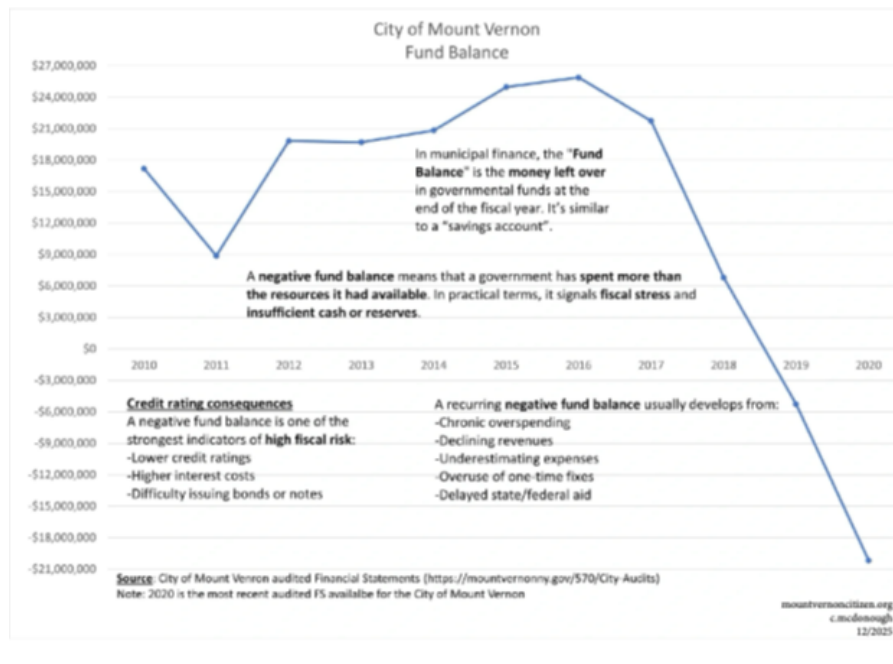
Select Expense Items	Budget	Actual	Dollar Variance	% Variance
City Council				
Salary	\$258,501	\$342,376	\$83,875	32.4%
Total City Council	\$526,501	\$578,465	\$51,964	9.9%
Mayor				
Salary	\$603,325	\$610,770	\$7,445	1.2%
Total Mayor's Office	\$743,977	\$703,599	\$40,378	5.4%
Department of Finance (Comptroller)				
Salary	\$2,037,069	\$1,793,032	\$244,037	12.0%
Total Dept of Finance	\$2,420,516	\$2,274,057	\$146,459	6.1%
Law Dept				
Salary	\$989,629	\$869,178	\$120,451	12.2%
Total Law Dept	\$1,840,252	\$2,590,720	\$750,468	40.8%

Source: https://cmvny.com/DocumentCenter/View/10514/Comptroller-Fy24-Q4-Report_Public?bidId=

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THE COLLAPSE OF THE FUND BALANCE

Mount Vernon’s fund balance — the municipal equivalent of a rainy-day savings account — fell from a healthy surplus in the early 2010s to a deeply negative position by 2019–2020.

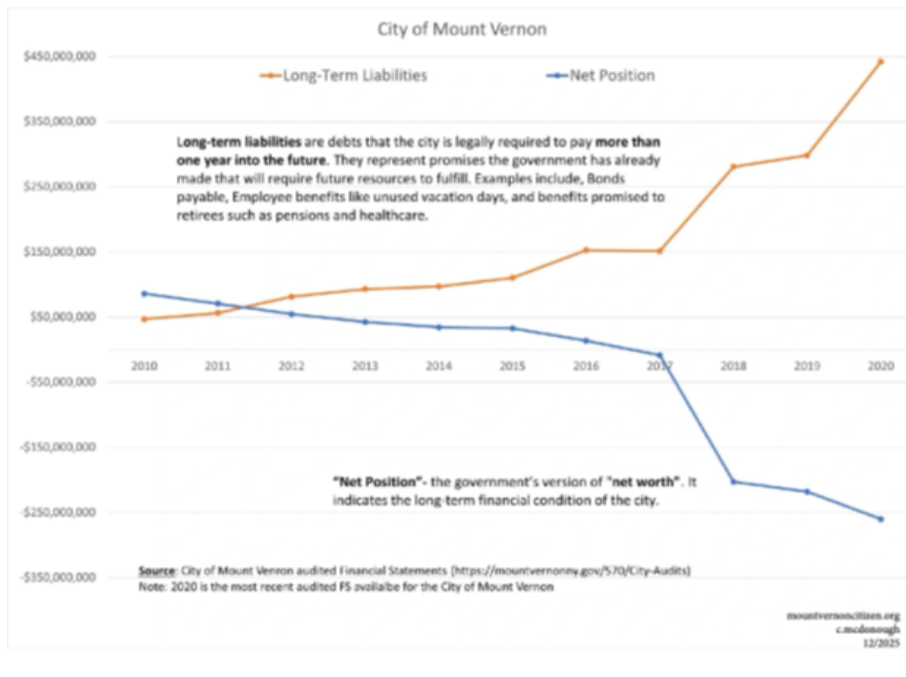


A negative fund balance means the City spent money it did not have — not as the product of a single bad year, a recession, or the pandemic — but as the predictable result of years of unrealistic budgets and weak controls in which the budgeting process ceased to function as a real planning tool.

LONG-TERM LIABILITIES VS. NET POSITION

As cash reserves disappeared, long-term obligations moved in the opposite direction.

Mount Vernon's bonded debt, accrued benefits, and other long-term liabilities rose sharply over the same period that its net position flipped from positive to deeply negative — a clear signal of structural insolvency, not a temporary cash crunch.



In plain terms: Mount Vernon owes far more than it owns, with no credible plan to close the gap.

TAXES KEEP RISING, THE SYSTEM KEEPS FAILING, AND THE NUMBERS DON'T ADD UP

Years of outsized property tax increases have not stabilized Mount Vernon's finances. They have concealed deeper failures while shifting more of the burden onto residents.

Since 2012, the City has routinely overridden the state tax cap, exceeding it by a cumulative 34.73%.

City of Mount Vernon Tax Cap Overrides, 2012 - 2026

	NYS Inflation Factor	NYS Allowable Levy	CMV Tax Increase per Adopted Budget	Mount Vernon % under (over) Allowable Levy	City Council Tax Cap Override?
2012	2.01%	2.00%	6.15%	4.15%	YES
2013	2.93%	2.00%	6.15%	4.15%	YES
2014	1.66%	1.66%	7.77%	6.11%	YES
2015	1.56%	1.56%	4.25%	2.69%	YES
2016	0.73%	0.73%	2.13%	1.40%	YES
2017	0.68%	0.68%	1.07%	0.39%	YES
2018	1.84%	1.84%	0%	-1.84%	NO
2019	2.25%	2.00%	1.93%	-0.07%	NO
2020	2.07%	2.00%	1.78%	-0.22%	NO
2021	1.56%	1.56%	3.86%	2.30%	YES
2022	2.30%	2.00%	3.27%	1.27%	YES
2023	7.17%	2.00%	5.62%	3.62%	YES
2024	6.26%	2.00%	7.71%	5.71%	YES
2025	3.30%	2.00%	3.60%	1.60%	YES
2026	2.64%	2.00%	5.47%	3.47%	YES

Since 2012, city taxes have exceeded the tax cap by a cumulative 34.73%.

Sources:

<https://www.osc.ny.gov/press/releases/2025/07/dinapoli-tax-cap-remains-2-2026>

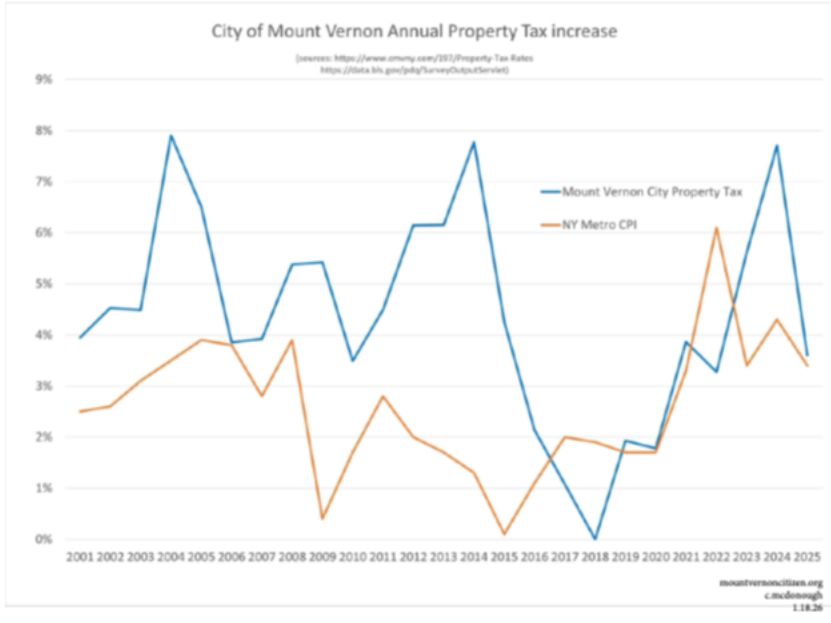
<https://mountvernonny.gov/401/Adopted-Budgets>

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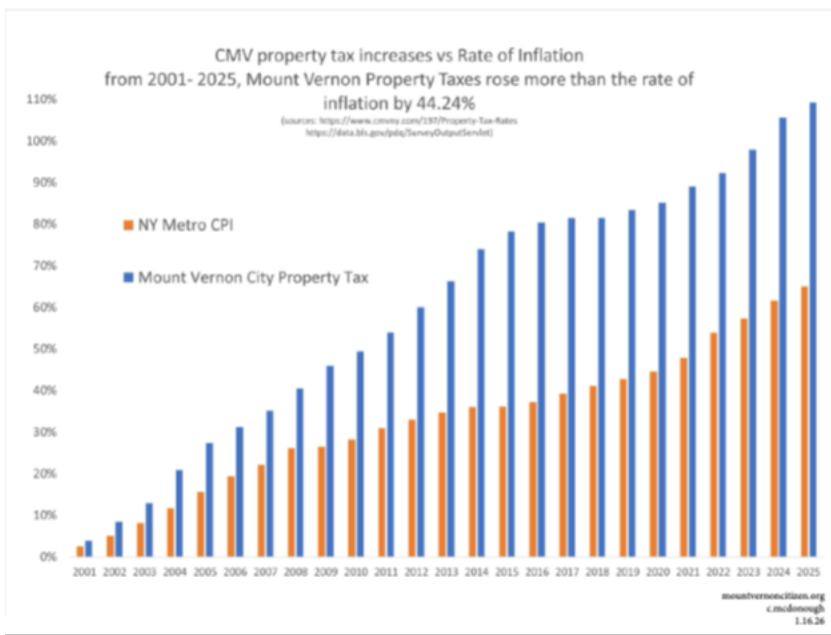
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Over just the last five years, residents have absorbed more than 40% in cumulative tax increases, including add-on sewer and garbage fees.



Since 2001, Mount Vernon property taxes have risen 44% faster than inflation.



That is not a revenue problem. It is a governance problem.

MISSING BOND RATING, MISSING DISCIPLINE

Despite ever-higher taxes:

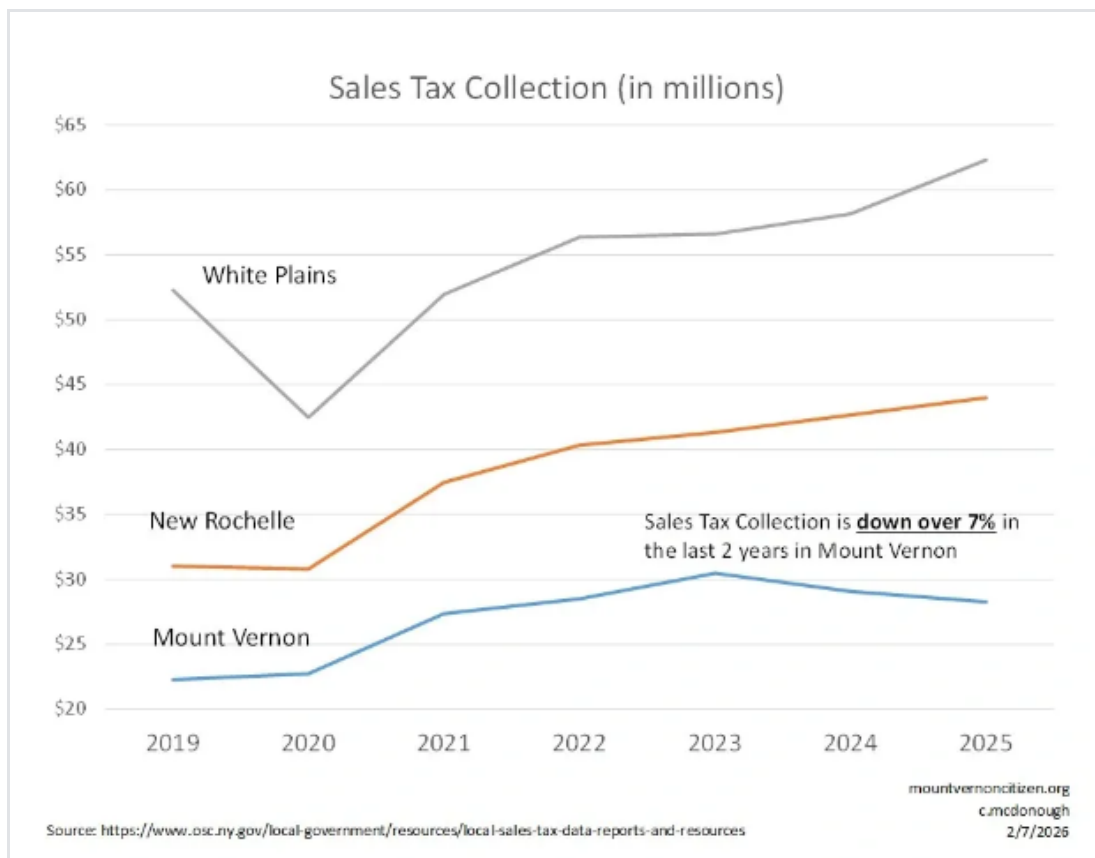
- Mount Vernon still has no bond rating
- It holds no meaningful reserves
- Audits after 2020 remain incomplete
- The City continues to rely on tax anticipation notes — essentially high-interest payday loans — just to operate

Higher taxes are not stabilizing the system. They are feeding a cycle of dysfunction.

THE ECONOMY IS SENDING A WARNING

The most overlooked red flag—and one of the clearest—is sales tax.

Over two years, Mount Vernon’s sales tax collections fell by 7%, even as neighboring cities continued to grow. That is not normal volatility — it signals economic stress and declining commercial activity.



This makes Mount Vernon an outlier - and not in a good way.

Sales tax declines mean fewer transactions, fewer customers, and fewer businesses succeeding locally. It's what happens when a city is unpredictable, poorly managed, and hostile to investment.

You cannot tax your way out of that.

UNPAID TAXES AND SELECTIVE ENFORCEMENT ARE BREAKING THE SYSTEM

While residents are asked to pay more, the City is sitting on over \$60 million in unpaid property taxes.

Repeated tax amnesties have failed. Standard enforcement tools — including foreclosure — have been applied inconsistently or avoided altogether.

The predictable result is a system in which compliant taxpayers subsidize chronic nonpayment, while leadership sidesteps politically difficult decisions.

The administration wants you to cloak its poor choices in the language of compassion; in truth, those decisions amount to fiscal malpractice.

A MISSED ARPA OPPORTUNITY

The American Rescue Plan Act delivered \$41 million to Mount Vernon — a once-in-a-generation chance to stabilize finances and rebuild trust after COVID.

Instead, Mount Vernon's ARPA spending revealed the same patterns:

- Weak documentation
- Emergency-style decision making
- Minimal transparency
- Little connection between spending and measurable outcomes

Taken together, these patterns show a system that does not function the way a responsible government should.

That is why the debate cannot be limited to whether particular purchases were technically "allowed." The real problem is that the City still lacked basic institutional financial controls when they were needed most.

MVCIP's ARPA series explores how Mount Vernon squandered this opportunity. <https://mvcip.org/blog/part-1-arpa-in-mount-vernon-what-is-arpa-anyway-and-what-was-it-supposed-to-do/>.

WHY A STATE FINANCIAL MONITOR IS NECESSARY

Local self-correction is no longer credible.

A state financial monitor is not punishment — it is damage control.

Effective oversight would:

- Enforce timely audits and reporting
- Require a realistic multi-year financial plan
- Review risky borrowing and major contracts
- Mandate a serious tax enforcement strategy
- Restore credibility with residents, vendors, and markets

Oversight should be temporary, enforceable, and benchmark-driven — with clear exit conditions once the City proves it can govern responsibly.

The State must act now: impose oversight, restore basic controls, and protect residents before a preventable crisis becomes irreversible.