

**Glen Cove City School District, New York**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2020



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## **Independent Auditors' Report**

**The Board of Education of the  
Glen Cove City School District, New York**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Glen Cove City School District, New York ("School District") as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise the School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School District's preparation and fair presentation of the financial statements 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 School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District, as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As discussed in Note 4B in the notes to financial statements, on March 11, 2020, the World Health Organization declared a global pandemic as a result of the spread of COVID-19 ("Coronavirus"). Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, 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.

### ***Supplementary and Other Information***

Our audit for the year ended June 30, 2020 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2020 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2020.

We also previously audited, in accordance with 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 basic financial statements of the School District as of and for the year ended June 30, 2019 (not presented herein), and have issued our report thereon dated October 4, 2019, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended June 30, 2019 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2019 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2019.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2020 on our consideration of the School District'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 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 School District'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 the School District's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

October 14, 2020

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## **Glen Cove City School District, New York**

### **Management's Discussion and Analysis June 30, 2020**

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The following is a discussion and analysis of the Glen Cove City School District's ("School District") financial performance for the fiscal year ended June 30, 2020. This section is a summary of the School District's financial activities based on currently known facts, decisions or conditions. It is also based on both the District-wide and fund-level financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

### **Financial Highlights**

Key financial highlights for the fiscal year 2019-2020 are as follows:

- In the district-wide financial statements, revenues increased by 3.0% to \$94,940,890 and expenses increased 10.9% to \$103,679,902 resulting in a decrease in net position of \$8,739,012 for the year ended June 30, 2020.
- The School District's General Fund reflected an increase in fund balance of \$3,654,148.
- The amount of unassigned fund balance that can be retained by the General Fund is limited to no more than 4% of the ensuing year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$3,698,968 or 4%, and therefore within the statutory limit.
- On the district-wide financial statements, the liabilities and deferred inflows of resources of the School District exceeded the assets and deferred outflows of resources at the close of its most recent fiscal year by \$95,783,757, a decrease of \$8,739,012 for the year ended June 30, 2020. The district-wide financial statements must report certain items in accordance with the pronouncements of the Governmental Accounting Standards Board ("GASB"). The GASB is charged with developing the accounting rules that apply to governments, including school districts and BOCES. One of the most significant of the standards, GASB Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", requires the School District to recognize the financial impact associated with other postemployment benefit ("OPEB") obligations. These obligations include any benefits provided to retirees, other than a pension, including health insurance, life insurance, vision, dental, etc. This standard requires the School District to report the *total*, rather than *net*, OPEB liability related to its employees, since New York State has not authorized the establishment of an irrevocable trust to set aside assets for this purpose. The prior standard under the provisions of GASB Statement No. 45 allowed for the amortization of prior service costs over a thirty year period. As a result of the provisions of GASB Statement No. 75, the School District's *total* OPEB liability as of June 30, 2020 is \$164,911,520, compared to \$124,855,067 in the prior year. The OPEB liability is reflected on the district-wide Statement of Net Position and impacts the total net position calculation. More detailed information about the School District's OPEB obligations reported in accordance with the provisions of GASB Statement No. 75 is presented in note 3E in the notes to financial statements. Also

noteworthy is that this standard parallels the pension standard under the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*", presented in note 3E as well. At June 30, 2020, the School District reported also in its Statement of Net Position a liability of \$5,860,439 for its proportionate share of the ERS pension liability, while also reporting a net pension asset of \$5,573,543 for its proportionate share of the TRS net pension asset.

- The School District continued to offer all programs, without reducing services, while maintaining adequate fund balances.

### **Overview of the Financial Statements**

This annual report consists of management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

- The first two statements are *District-wide financial statements* that provide both *short-term and long-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the District-wide statements.
- The *governmental fund financial statements* tell how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary fund financial statements* provide information about the financial relationships in which the School District acts solely as a *trustee or agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

Table A-1 summarizes the major features of the School District's financial statements, including the portion of the School District's activities they cover and the type of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

<b>Table A-1: Major Features of the District-Wide and Fund Financial Statements</b>			
	District-Wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activity monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities and Changes in Net Position</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or are available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

### *District-Wide Financial Statements*

The District-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements, the Statement of Net Position and the Statement of Activities, report the School District's *net position* and how it has changed. Net position - the difference between the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the School District's financial health or *position*.

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial status is improving or deteriorating, respectively.
- To assess the School District's overall health, you need to consider additional non-financial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the School District's activities are shown as *governmental activities*; most of the School District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and State formula aid finance most of these activities.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The School District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The School District has two types of funds:

- **Governmental funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, reconciliations of the district-wide and governmental funds statements are provided which explain the relationship (or differences) between them.
- **Fiduciary funds:** The School District is the trustee or fiduciary, for assets that belong to others, such as and student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

### *Notes to Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to financial statements can be found following the basic financial statements section of this report.

## **Financial Analysis of the School District as a Whole**

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position. This MD&A includes a summary of two district-wide statements that focus on operations of the School District as a whole. These statements measure inputs and outflows using an economic resources measurement focus, and use the accrual basis of accounting. Activities that are fiduciary in nature are not included in these statements.

In the case of the School District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by (\$95,783,757) at the close of the current fiscal year.

### **Net Position**

	2020	2019
Current Assets	\$ 38,878,753	\$ 34,806,981
Net Pension Asset	5,573,543	3,821,825
Capital Assets, net	11,819,225	12,597,030
<b>Total Assets</b>	<b>56,271,521</b>	<b>51,225,836</b>
Deferred Outflows of Resources		
Deferred amounts on pensions and OPEB	64,380,972	21,564,826
Current Liabilities	9,372,028	10,201,051
Long-term Liabilities	182,357,976	139,282,217
<b>Total Liabilities</b>	<b>191,730,004</b>	<b>149,483,268</b>
Deferred Inflows of Resources		
Deferred amounts on pensions and OPEB	24,706,246	10,352,139
<b>Net Position</b>		
Net Investment in capital assets	9,098,686	9,062,956
Restricted		
Future Capital projects	3,654,183	2,854,242
Capital Projects	520,174	-
Tax certiorari	4,462,428	3,562,811
Workers compensation benefits	3,137,110	2,963,935
Unemployment benefits	392,988	236,721
ERS Retirement system contributions	4,207,282	3,124,560
TRS Retirement system contributions	1,422,947	688,542
Special Purposes	55,278	69,329
Unrestricted	(122,734,833)	(109,607,841)
<b>Total Net Position</b>	<b>\$ (95,783,757)</b>	<b>\$ (87,044,745)</b>

By far, the largest component of the School District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. It should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Those assets subject to external restrictions listed above constitute \$17,852,390 of net position and are comprised of amounts restricted for specific purposes. The remaining balance represents an unrestricted net deficit of (\$122,734,833). This deficit results mainly from the accrual of the School District's Other Post Employment Benefit Obligations ("OPEB"). These obligations include any benefits provided to retirees, other than a pension, including health insurance as discussed in detail in note 3E in the notes to financial statements.

### Changes in Net Position

	2020	2019
<b>REVENUES</b>		
Program Revenues		
Charges for Services	\$ 372,061	\$ 872,441
Operating Grants and Contributions	5,073,291	3,798,659
Capital Grants and Contributions	-	900,000
Total Program Revenues	5,445,352	5,571,100
General Revenues		
Real Property Taxes	65,007,989	63,141,770
Other Tax Items	8,790,258	8,645,677
Non-property taxes	1,310,830	1,531,247
Unrestricted Use of Money and Property	110,990	101,709
Sale of Property and Compensation for Loss	74,099	20,304
Unrestricted State Aid	13,791,892	12,618,099
Miscellaneous	409,480	542,437
Total General Revenues	89,495,538	86,601,243
Total Revenues	94,940,890	92,172,343
<b>PROGRAM EXPENSES</b>		
General Support	12,799,904	12,395,529
Instruction	84,270,360	73,651,979
Pupil Transportation	5,023,372	5,718,348
Community Services	14,548	16,696
Cost of Food Sales	1,448,016	1,527,163
Other	35,384	42,161
Interest	88,318	109,714
Total Expenses	103,679,902	93,461,590
Change in Net Position	(8,739,012)	(1,289,247)
<b>NET POSITION</b>		
Beginning	(87,044,745)	(85,755,498)
Ending	\$ (95,783,757)	\$ (87,044,745)

As seen above, governmental activities decreased the School District's net position by \$8,739,012 during the current fiscal year. Noteworthy is the impact on this schedule of the requirements of recognizing OPEB and pension expenses in accordance with applicable pronouncements. Other changes in these activities are described below:

#### *Revenues*

- The School District's fiscal year 2020 revenues totaled \$94,940,890. Property and other taxes and State sources accounted for most of the School District's revenue representing 77.7% and 14.5%, respectively. The remainder came from charges for services, operating grants, capital grants and contributions, use of money and property, sale of property and compensation for loss and miscellaneous. The School District did not receive capital grants and contributions in the current fiscal year. The School District received capital grants and contributions of \$900,000 in the prior fiscal year from New York State and local County sources.
- Revenues increased 3.0% or \$2,768,547, primarily as a direct result of an increase in Real Property Taxes of \$1,866,219 and an increase in unrestricted state aid of \$1,173,793. The tax levy was under the maximum allowable tax levy limit associated with the New York State Real Property Tax Cap Legislation.

#### *Expenses*

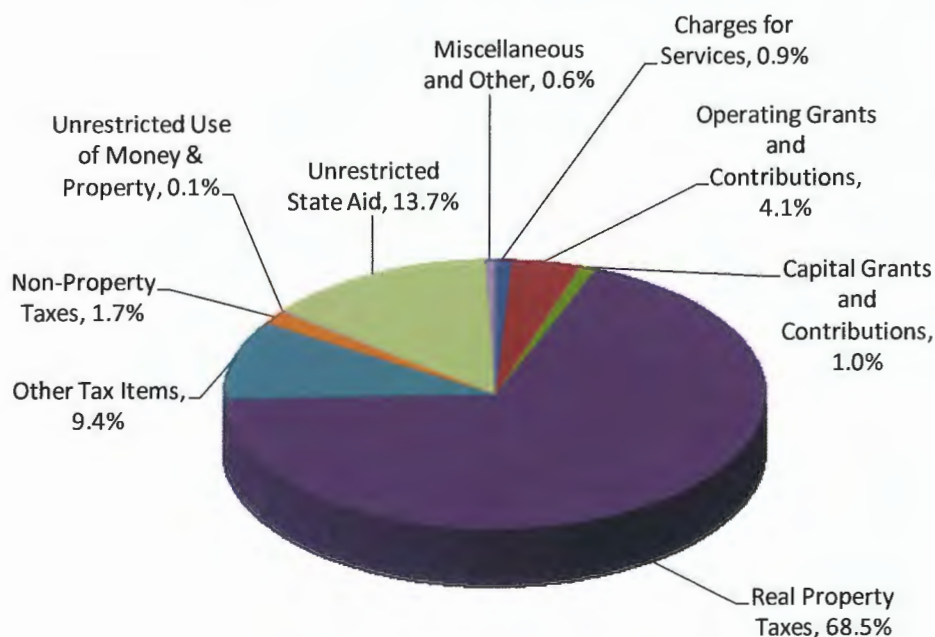
- The School District's fiscal year 2020 expenses totaled \$100,679,902. These expenses are predominantly related to instruction and transporting students (86.1%). The School District's administrative and business activities accounted for 12.3% of total costs.
- Instruction program expenses in the aggregate increased by \$10,618,381 or 14.4% from the prior year due in part to pension and OPEB expenses.

As indicated on the graphs that follow, the School District relies upon real property taxes as its primary revenue source for Governmental Activities. The School District's instruction costs account for approximately 81.3% of its expenses.

**Sources of Revenue for Fiscal Year 2020  
Governmental Activities**



**Sources of Revenue for Fiscal Year 2019  
Governmental Activities**

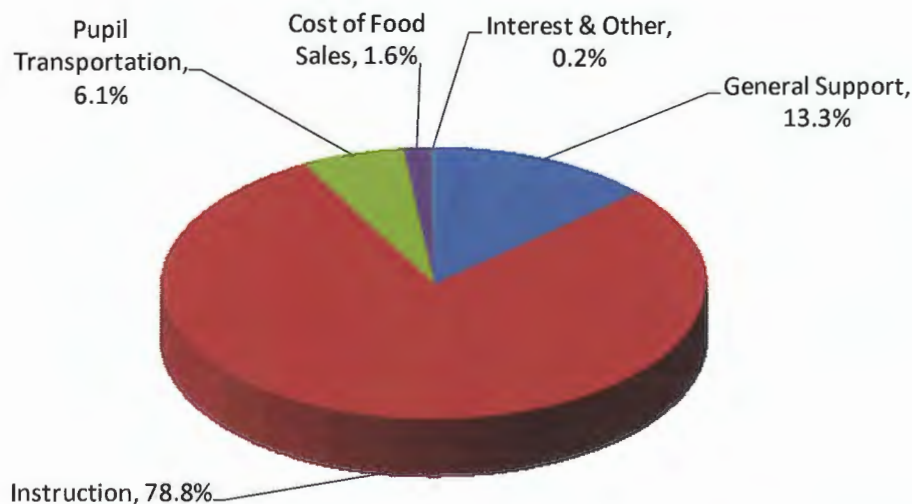




### Expenses for Fiscal Year 2020 Governmental Activities



### Expenses for Fiscal Year 2019 Governmental Activities



### Financial Analysis of the School District's Funds

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The School District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

### *Governmental Funds*

The focus of the School District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The GASB issued Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" in February 2009. The requirements of GASB Statement No. 54 became effective for the School District's fiscal period ending June 30, 2012. GASB Statement No. 54 abandoned the reserved and unreserved classifications of fund balance and replaced them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. As of the end of the current fiscal year, the School District's governmental funds reported combined fund balances of \$27,864,187, an increase of \$4,110,786 from the prior year. The composition of the combined fund balances are as follows:

Nonspendable	\$ 32,283
Restricted	23,465,887
Assigned	667,049
Unassigned	3,698,968

The definitions of the types of items included in each of these categories are included in Note 1 to the financial statements. A detailed chart of each of the individual amounts in each category is included in Note 3H to the financial statements.

### **General Fund Budgetary Highlights**

The General Fund is the primary operating fund of the School District. The adopted budget for fiscal year 2019-2020 of \$91,257,983 was increased by \$541,883 as a result of prior year encumbrances. During the fiscal year, appropriation transfers within the budget were made to address the operational needs of the School District. The final adjusted budget for the fiscal year ending June 30, 2020 was \$91,817,866.

Revenues and other financing sources exceeded the amount contained in the final budget by \$398,557 and savings of \$4,635,425 were derived on the expenditure side of the budget, thus creating a budgetary surplus of \$5,033,982 at June 30, 2020. The property tax revenues were less than budgeted due to the timing of tax collections as well as a decrease in school tax relief reimbursement and decreases in day school tuition. Earnings on investments, State and Federal aid and miscellaneous revenues reflected positive variances when compared to the final budget. The expenditure savings occurred as a result of favorable salary breakage across all functional areas, combined with lower than expected increases in the health insurance premiums which resulted in lower than expected employee benefit costs and savings realized by curtailing discretionary spending in all functional areas. Expenditures under budget were realized in General Support (\$922,299), Instruction (\$1,988,210) and Employee Benefits (\$1,198,563).

At the end of the current fiscal year, the total fund balance of the General Fund was \$27,316,141, of which \$3,698,968 was unassigned, representing 4.00% of the ensuing year's budget. As previously mentioned, New York State Law limits the amount of unassigned fund balance that can be retained to

4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget.

### **Capital Assets and Debt Administration**

#### *Capital Assets*

By the end of 2020, the School District had invested \$11,919,425 net of depreciation, in a broad range of capital assets, including school buildings, maintenance facilities, athletic facilities, computer and audio-visual equipment, and administrative offices. The change in capital assets, net of accumulated depreciation, is delineated below and provides comparative balances from the prior year.

Class	June 30, 2020	June 30, 2019
Land	\$ 239,225	\$ 239,225
Construction-in-Progress	22,155	250,313
Land Improvements	1,122,852	1,130,538
Buildings and Improvements	9,901,665	10,421,332
Machinery and Equipment	633,528	555,622
Total Capital Assets, net of accumulated depreciation	<u>\$ 11,919,425</u>	<u>\$ 12,597,030</u>

#### *Long-Term Debt*

The School District had general obligation and other long-term debt outstanding as follows:

	June 30, 2020	June 30, 2019
General Obligation Bonds Payable	\$ 1,500,000	\$ 1,725,000
Installment Purchase Debt Payable	1,220,539	1,809,074
Claims Payable	1,849,196	2,496,100
Compensated Absences	7,016,282	6,885,769
Net Pension Liability	5,860,439	1,511,207
Other Post Employment Benefit Obligations Payable*	<u>164,911,520</u>	<u>124,855,067</u>
	<u>\$ 182,357,976</u>	<u>\$ 139,282,217</u>

At June 30, 2020, the School District reported a liability of \$5,860,439 for its proportionate share of the net pension liability of ERS. The net pension liability was measured as of March 31, 2020. For TRS, the School District reported a net pension asset of \$5,573,543 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability (asset) used to calculate the net pension liability for ERS and asset TRS was determined by an actuarial valuation as of those respective dates.

The School District recorded its net pension liability to ERS as required by the provisions of GASB Statement No. 68. The School District's other postemployment benefit obligation or total liability was recorded in accordance with the provisions of GASB Statement No. 75. This liability will continue to

grow as the School District is permitted at this time by New York State only to fund its pay-as-you-go obligations for post employment benefits.

More detailed information about the School District's long-term liabilities is presented in Note 3E in the notes to financial statements.

### **Factors Bearing on the Future of District**

At the time these financial statements were prepared and audited, the School District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The voters of the School District approved the 2020-2021 budget for \$92,474,208. The School District plans on the use of \$2,390,000 of reserves for next year's budget.
- The national economy continues to have a negative impact on virtually every municipal budget. A result could be that State aid to the School District could be negatively impacted in amount and/or timing.
- Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. Prior to its enactment, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the School District was required to adopt a contingent budget. Under a contingency budget, school budget increases were limited to the lesser of 4% of the prior year's budget or 120% of the consumer price index. Although there are exceptions, exemptions and overrides to the limitation, the new Law is expected to make budgetary decisions more difficult.
- Significant increases in the cost of health insurance and contributions to the retirement systems continue to place a greater burden on the School District's finances. Contributions to the State Retirement Systems are one of the exemptions to the "Tax Levy Limitation Law".
- The School District is currently the only one in both Nassau and Suffolk Counties which must pay tax certiorari judgments directly to the taxpayers. In all other school districts, they are paid by the County. This is an unanticipated annual expenditure which places significant financial burden on the budget.
- The Governor of the State of New York declared a state of emergency on March 7, 2020 and has since issued multiple Executive Orders regarding the pandemic. March 13, 2020 was the last day for in-person classes for the school year. The Enacted 2020-21 New York State budget granted the Budget Director the authority to reduce state aid payments by a minimum of 20% to local governments and school districts by any amount needed to achieve a balanced budget.

In addition to these State aid withholdings, the School District's economically sensitive revenues (i.e., sales tax distributions, interest earnings, charges for services) are being negatively impacted. Meanwhile, the School District's expenditures on health and safety measures (personal protective equipment, sanitizing supplies, technology acquisitions to support remote work and remote learning) will increase significantly. With savings realized in the 19-20 budget the School District was able to purchase some of these items prior to closing. The School District is continuously monitoring the situation and will take such proactive measures as may be required to maintain operations and meet its obligations.

The degree of the impact on the School District's operations and finances as a result of the Coronavirus is extremely difficult to predict due to uncertainties relating to its duration and severity.

### **Contacting the District's Financial Management**

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

Glen Cove City School District  
District Offices  
Attn: Assistant Superintendent for Business  
Dosoris Lane  
Glen Cove, New York 11542  
(516) 801-7030

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**Glen Cove City School District, New York**Statement of Net Position  
June 30, 2020

	Governmental Activities
<b>ASSETS</b>	
Cash and equivalents	\$ 32,357,460
Receivables	
Taxes	3,286,638
Accounts	9,449
State and Federal aid	2,794,968
Due from other governments	397,955
Inventories	32,283
Net pension asset	5,573,543
Capital assets	
Not being depreciated	261,380
Being depreciated, net	11,557,845
Total Assets	<u>56,271,521</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>64,380,972</u>
<b>LIABILITIES</b>	
Accounts payable	1,842,253
Accrued liabilities	1,836,220
Due to other governments	779,705
Due to retirement systems	3,698,559
Unearned revenues	1,189,443
Accrued interest payable	25,848
Non-current liabilities	
Due within one year	2,612,467
Due in more than one year	179,745,509
Total Liabilities	<u>191,730,004</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>24,706,246</u>
<b>NET POSITION</b>	
Net investment in capital assets	9,098,686
Restricted	
Future Capital projects	3,654,183
Capital projects	520,174
Tax certiorari	4,462,428
Workers' compensation benefits	3,137,110
Unemployment benefits	392,988
ERS retirement system contributions	4,207,282
TRS retirement system contributions	1,422,947
Special purposes	55,278
Unrestricted	<u>(122,734,833)</u>
Total Net Position	<u>\$ (95,783,757)</u>

The notes to financial statements are an integral part of this statement.

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**Glen Cove City School District, New York**

Statement of Activities  
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
General support	\$ 12,799,904	\$ 18,310	\$ 475,617	\$ (12,305,977)
Instruction	84,270,360	74,477	3,775,973	(80,419,910)
Pupil transportation	5,023,372	-	-	(5,023,372)
Community services	14,548	6,270	-	(8,278)
Cost of food sales	1,448,016	273,004	800,368	(374,644)
Other	35,384	-	21,333	(14,051)
Interest	88,318	-	-	(88,318)
<b>Total Governmental Activities</b>	<b>\$ 103,679,902</b>	<b>\$ 372,061</b>	<b>\$ 5,073,291</b>	<b>(98,234,550)</b>
General revenues				
Real property taxes				65,007,989
Other tax items				
School tax relief reimbursement				4,438,987
Payments in lieu of taxes				4,109,824
Interest and penalties on real property taxes				241,447
Non-property taxes				
Non-property tax distribution from County				1,310,830
Unrestricted use of money and property				110,990
Sale of property and compensation for loss				74,099
Unrestricted State aid				13,791,892
Miscellaneous				409,480
<b>Total General Revenues</b>				<b>89,495,538</b>
Change in Net Position				(8,739,012)
<b>NET POSITION</b>				
Beginning				(87,044,745)
Ending				<b>\$ (95,783,757)</b>

The notes to financial statements are an integral part of this statement.

**Glen Cove City School District, New York**

Balance Sheet  
Governmental Funds  
June 30, 2020

	General	Special Aid	Capital Projects
<b>ASSETS</b>			
Cash and equivalents	\$ 32,263,783	\$ 74	\$ 36
Receivables			
Taxes	3,286,638	-	-
Accounts	9,449	-	-
State and Federal aid	1,238,799	1,529,375	-
Due from other governments	297,955	-	100,000
Due from other funds	1,064,644	-	416,751
Inventories	-	-	-
Total Assets	<u>\$ 38,161,268</u>	<u>\$ 1,529,449</u>	<u>\$ 516,787</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 1,729,263	\$ 71,543	\$ 6,302
Accrued liabilities	1,829,812	-	-
Due to other governments	779,664	-	-
Due to other funds	-	1,457,906	-
Due to retirement systems	3,698,559	-	-
Unearned revenues	1,189,443	-	-
Total Liabilities	<u>9,226,741</u>	<u>1,529,449</u>	<u>6,302</u>
Deferred inflows of resources			
Unavailable revenues - Miscellaneous	-	-	50,000
Deferred tax revenues	1,618,386	-	-
Total Deferred Inflows of Resources	<u>1,618,386</u>	<u>-</u>	<u>50,000</u>
Total Liabilities and Deferred Inflows of Resources	<u>10,845,127</u>	<u>1,529,449</u>	<u>56,302</u>
Fund balances			
Nonspendable	-	-	-
Restricted	22,950,124	-	460,485
Assigned	667,049	-	-
Unassigned	3,698,968	-	-
Total Fund Balances	<u>27,316,141</u>	<u>-</u>	<u>460,485</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 38,161,268</u>	<u>\$ 1,529,449</u>	<u>\$ 516,787</u>

The notes to financial statements are an integral part of this statement.

Non-Major Governmental	Total Governmental Funds
\$ 93,567	\$ 32,357,460
-	3,286,638
-	9,449
26,794	2,794,968
-	397,955
-	1,481,395
32,283	32,283
<u>\$ 152,644</u>	<u>\$ 40,360,148</u>

\$ 35,145	\$ 1,842,253
6,408	1,836,220
41	779,705
23,489	1,481,395
-	3,698,559
-	1,189,443
<u>65,083</u>	<u>10,827,575</u>

-	50,000
-	1,618,386
<u>-</u>	<u>1,668,386</u>
<u>65,083</u>	<u>12,495,961</u>

32,283	32,283
55,278	23,465,887
-	667,049
-	3,698,968
<u>87,561</u>	<u>27,864,187</u>
<u>\$ 152,644</u>	<u>\$ 40,360,148</u>

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**Glen Cove City School District, New York**Reconciliation of Governmental Funds Balance Sheet to  
the District-Wide Statement of Net Position  
June 30, 2020

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## Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because

Fund Balances - Total Governmental Funds	\$ 27,864,187
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>11,819,225</u>
Governmental funds do not report the effect of assets or liabilities related to net pension assets (liabilities) and other postemployment benefit obligations whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on net pension liabilities (assets)	14,047,512
Deferred inflows of resources on other postemployment benefit obligations	<u>25,627,214</u>
	<u>39,674,726</u>
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds.	
Net pension asset	5,573,543
Miscellaneous unavailable Capital Projects Fund revenues	<u>50,000</u>
	<u>5,623,543</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	<u>1,618,386</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(25,848)
Bonds payable	(1,500,000)
Installment purchase debt payable	(1,220,539)
Claims payable	(1,849,196)
Compensated absences	(7,016,282)
Net pension liability	(5,860,439)
Other post employment benefit obligations payable	<u>(164,911,520)</u>
	<u>(182,383,824)</u>
Net Position of Governmental Activities	<u>\$ (95,783,757)</u>

The notes to financial statements are an integral part of this statement.

**Glen Cove City School District, New York**

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2020

	General	Special Aid	Capital Projects
<b>REVENUES</b>			
Real property taxes	\$ 64,228,405	\$ -	\$ -
Other tax items	8,790,258	-	-
Non-property taxes	1,310,830	-	-
Charges for services	80,747	-	-
Use of money and property	604,917	-	-
Sale of property and compensation for loss	74,099	-	-
State aid	14,238,089	891,298	-
Federal aid	180,190	2,257,128	-
Food sales	-	-	-
Miscellaneous	410,640	-	-
<b>Total Revenues</b>	<b>89,918,175</b>	<b>3,148,426</b>	<b>-</b>
<b>EXPENDITURES</b>			
Current			
General support	9,796,170	-	-
Instruction	51,385,705	3,387,666	-
Pupil transportation	4,773,141	225,276	-
Community services	11,204	-	-
Employee benefits	18,233,647	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	813,535	-	-
Interest	98,743	-	-
Capital outlay	-	-	(128,163)
<b>Total Expenditures</b>	<b>85,112,145</b>	<b>3,612,942</b>	<b>(128,163)</b>
Excess (Deficiency) of Revenues Over Expenditures	<b>4,806,030</b>	<b>(464,516)</b>	<b>128,163</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	251,365	464,516	600,000
Transfers out	(1,403,247)	-	(251,365)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,151,882)</b>	<b>464,516</b>	<b>348,635</b>
<b>Net Change in Fund Balances</b>	<b>3,654,148</b>	<b>-</b>	<b>476,798</b>
<b>FUND BALANCES (DEFICITS)</b>			
Beginning of Year	23,661,993	-	(16,313)
End of Year	<u>\$ 27,316,141</u>	<u>\$ -</u>	<u>\$ 460,485</u>

The notes to financial statements are an integral part of this statement.

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 64,228,405
-	8,790,258
-	1,310,830
-	80,747
1,684	606,601
-	74,099
32,867	15,162,254
767,150	3,204,468
193,682	193,682
99,322	509,962
<u>1,094,705</u>	<u>94,161,306</u>
-	9,796,170
-	54,773,371
-	4,998,417
-	11,204
-	18,233,647
1,418,212	1,418,212
35,384	35,384
-	813,535
-	98,743
-	(128,163)
<u>1,453,596</u>	<u>90,050,520</u>
<u>(358,891)</u>	<u>4,110,786</u>
338,731	1,654,612
-	(1,654,612)
<u>338,731</u>	<u>-</u>
(20,160)	4,110,786
<u>107,721</u>	<u>23,753,401</u>
<u>\$ 87,561</u>	<u>\$ 27,864,187</u>

**Glen Cove City School District, New York**

Reconciliation of the Statement of Revenues,  
Expenditures and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2020

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Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 4,110,786</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay expenditures	249,336
Depreciation expense	<u>(1,027,141)</u>
	<u>(777,805)</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	<u>779,584</u>
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal paid on serial bonds	225,000
Principal paid on installment purchase debt	<u>588,535</u>
	<u>813,535</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	10,425
Claims	646,904
Compensated absences	(130,513)
Pension liabilities	(4,813,039)
Other post employment benefit obligations	<u>(9,378,889)</u>
	<u>(13,665,112)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (8,739,012)</u></u>

The notes to financial statements are an integral part of this statement.



**Glen Cove City School District, New York**

Statement of Revenues, Expenditures and Changes in Fund

Balance - Budget and Actual

General Fund

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Real property taxes	\$ 65,052,408	\$ 65,052,408	\$ 64,228,405	\$ (824,003)
Other tax items	8,664,168	8,664,168	8,790,258	126,090
Non-property taxes	1,375,000	1,375,000	1,310,830	(64,170)
Charges for services	209,000	209,000	80,747	(128,253)
Use of money and property	165,000	165,000	604,917	439,917
Sale of property and compensation for loss	-	-	74,099	74,099
State aid	14,155,907	14,165,907	14,238,089	72,182
Federal aid	66,500	66,500	180,190	113,690
Miscellaneous	65,000	73,000	410,640	337,640
Total Revenues	89,752,983	89,770,983	89,918,175	147,192
<b>EXPENDITURES</b>				
Current				
General support	10,124,267	11,158,434	9,796,170	1,362,264
Instruction	53,409,853	53,600,999	51,385,705	2,215,294
Pupil transportation	5,987,730	5,290,548	4,773,141	517,407
Community services	20,150	20,150	11,204	8,946
Employee benefits	20,595,588	19,432,210	18,233,647	1,198,563
Debt service				
Principal	813,535	813,535	813,535	-
Interest	98,743	98,743	98,743	-
Total Expenditures	91,049,866	90,414,619	85,112,145	5,302,474
Excess (Deficiency) of Rev- enues Over Expenditures	(1,296,883)	(643,636)	4,806,030	5,449,666
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	251,365	251,365
Transfers out	(750,000)	(1,403,247)	(1,403,247)	-
Total Other Financing Sources (Uses)	(750,000)	(1,403,247)	(1,151,882)	251,365
Net Change in Fund Balances	(2,046,883)	(2,046,883)	3,654,148	5,701,031
<b>FUND BALANCES</b>				
Beginning of Year	2,046,883	2,046,883	23,661,993	21,615,110
End of Year	\$ -	\$ -	\$ 27,316,141	\$ 27,316,141

The notes to financial statements are an integral part of this statement.

**Glen Cove City School District, New York**

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2020

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	<u>Agency</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 108,657
Accounts receivable	<u>5,513</u>
 Total Assets	 <u><u>\$ 114,170</u></u>
 <b>LIABILITIES</b>	
Deposits payable	\$ 6,477
Student activity funds	<u>107,693</u>
 Total Liabilities	 <u><u>\$ 114,170</u></u>

The notes to financial statements are an integral part of this statement.

**Note 1 - Summary of Significant Accounting Policies**

The Glen Cove City School District, New York ("School District"), operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

The accounting policies of the School District conform to generally accepted accounting principles for local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the School District's more significant accounting policies:

**A. Financial Reporting Entity**

The financial reporting entity consists of a) the primary government, which is the School District b) organizations for which the School District is financially accountable and c) other organizations for which the nature and significance of their relationship with the School District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the School District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the School District's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

The School District participates in the Nassau County Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs, which provide educational and support services. There is no authority or process by which a school district can terminate its status as a BOCES component. BOCES' governing board is elected based on the vote of members of the participating districts' governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school enrollment as defined in Education Law. Copies of BOCES' financial statements can be requested from Nassau County BOCES, 71 Clinton Road, Garden City, New York 11530.

**B. District-Wide Financial Statements**

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the School District as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The School District does not allocate indirect expenses to functions in the Statement of Activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the district-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

**C. Fund Financial Statements**

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation. The School District's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

**Fund Categories**

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following represents the School District's major governmental funds.

General Fund - The General Fund constitutes the primary fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditure for specified purposes other than debt service or capital projects. The major special revenue fund of the School District is the Special Aid

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Fund. The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal or State funds. The major revenues of this fund are Federal and State aid.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

The School District also reports the following non-major governmental funds:

Special Revenue Funds:

School Lunch Fund - The School Lunch Fund is used to record the operations of the breakfast and lunch programs of the School District.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the School District in accordance with the terms of a trust agreement.

- b. Fiduciary Fund (Not Included in District-Wide Financial Statements) - Fiduciary Funds are used to account for assets held by the School District in an agency capacity on behalf of others. Among the activities included in the Agency Fund are the student activity funds. The Agency Fund is also utilized to account for payroll tax withholdings that are payable to other jurisdictions.

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures

**Note 1 - Summary of Significant Accounting Policies (Continued)**

generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain claims, compensated absences, net pension liability and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances**

**Cash and Equivalents, Investments and Risk Disclosure**

**Cash and Equivalents** - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The School District's deposits and investment policies are governed by State statutes. The School District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

**Investments** - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The School District follows the provisions of GASB Statement No. 72, "*Fair Value Measurement and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

**Risk Disclosure**

**Interest Rate Risk** - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the School District does not invest in any long-term investment obligations.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40, *"Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3"*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2020.

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The School District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

**Concentration of Credit Risk** - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The School District's investment policy limits the amount on deposit at each of its banking institutions.

**Taxes Receivable** - Real property taxes attach as an enforceable lien on real property as of July 1st. Taxes are collected during the period August 1 to June 30. The City of Glen Cove, New York ("City") is responsible for the billing and collection of the taxes. The City guarantees the full payment of the School District warrant and assumes responsibility for the uncollected taxes. The taxes receivable amount of \$3,286,638 is generally paid to the School District no later than December 31<sup>st</sup>.

**Other Receivables** - Other receivables include amounts due from other governments and individuals for services provided by the School District. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

**Due From/To Other Funds** - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2020, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

**Inventories** - Inventories in the School Lunch Fund consist of food and supplies and are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at a stated value which approximates market. These inventories consist primarily of items held for consumption. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Capital Assets** - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the School District are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Land Improvements	20
Buildings and Improvements	30-50
Machinery and Equipment	5-20

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

**Unearned Revenues** - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the district-wide financial statements, unearned revenues consist of revenue received in advance and/or grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of \$1,189,443 for a payment in lieu of tax and miscellaneous revenues collected in advance in the General Fund.

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The School District reported deferred inflows of resources of \$1,618,386 for real property taxes in the General Fund and \$50,000 for unavailable revenues in the Capital Projects Fund.



**Note 1 - Summary of Significant Accounting Policies (Continued)**

Deferred outflows and inflows of resources have been reported on the district-wide Statement of Net Position for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
New York State and Local Employees' Retirement System	\$ 3,947,512	\$ 130,157
New York State Teachers' Retirement System	17,879,006	7,648,849
Other postemployment benefits obligations	16,927,240	42,554,454
	<u>\$ 38,753,758</u>	<u>\$ 50,333,460</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources in relation to the School District's pension and other post employment benefit obligations are detailed in Note 3E.

**Long-Term Liabilities** - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expended as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

**Compensated Absences** - The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

**Net Pension Liability (Asset)** - The net pension liability (asset) represents the School District's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date".

**Net Position** - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in

**Note 1 - Summary of Significant Accounting Policies (Continued)**

capital assets, restricted for future capital projects, capital projects, tax certiorari, workers' compensation benefits, unemployment benefits, ERS retirement system contributions, TRS retirement system contributions and special purposes. The balance is classified as unrestricted.

**Fund Balance** - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law or the Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Education is the highest level of decision making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Education.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Education for amounts assigned for balancing the subsequent year's budget or by delegated authority to the Assistant Superintendent for Business Administration for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts

**Note 1 - Summary of Significant Accounting Policies (Continued)**

already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned, and unassigned.

**F. Encumbrances**

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

**G. Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 ("Coronavirus") pandemic and the mitigation responses, and such differences may be material. (See Note 4B).

**H. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 14, 2020.

**Note 2 - Stewardship, Compliance and Accountability**

**A. Budgetary Data**

The School District generally follows the procedures enumerated below in establishing the budgetary data reflected in the fund financial statements:

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.
- f) Formal budgetary integration is employed during the year as a management control device for the General Fund.
- g) The budgets for General Fund is legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the Special Aid, School Lunch and Special Purpose funds.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in the General Fund lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the Board of Education.

**B. Limitation on Fund Balance**

The School District is limited to the amount of committed, assigned and unassigned fund balance, with certain exceptions, that can be retained. New York State law limits this amount to 4% of the ensuing year's budget.

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

**C. Property Tax Limitation**

Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. Prior to its enactment, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of 4% of the prior year's budget or 120% of the consumer price index ("CPI").

Under the Tax Levy Limitation Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI subject to certain exclusions. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Tax Levy Limitation Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Tax Levy Limitation Law. However, such exclusion does not apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

**D. Capital Projects Fund Project Deficits**

The deficits in the Gasoline and Connolly Playground capital projects arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

**Note 3 - Detailed Notes on All Funds**

**A. Taxes Receivable**

Taxes receivable at June 30, 2020 consisted of the following:

Current Year Taxes	<u>\$ 3,286,638</u>
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Taxes receivable are offset in the fund financial statements by deferred tax revenues of \$1,618,386, which represents taxes receivable which are not collected within the first sixty days of the subsequent year.

**Note 3 - Detailed Notes on All Funds (Continued)****B. Due From/To Other Funds**

The composition of interfund balances at June 30, 2020 is as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 1,064,644	\$ -
Special Aid	-	1,457,906
Capital Projects	416,751	-
Non-Major Governmental	-	23,489
	<u>\$ 1,481,395</u>	<u>\$ 1,481,395</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

**C. Capital Assets**

Changes in the School District's capital assets are as follows:

<u>Class</u>	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
Capital Assets, not being depreciated:				
Land	\$ 239,225	\$ -	\$ -	\$ 239,225
Construction-in-Progress	250,313	273,208	501,366	22,155
Total Capital Assets, not being depreciated	<u>\$ 489,538</u>	<u>\$ 273,208</u>	<u>\$ 501,366</u>	<u>\$ 261,380</u>
Capital Assets, being depreciated:				
Land Improvements	\$ 2,550,564	\$ -	\$ -	\$ 2,550,564
Buildings and Improvements	29,454,611	276,225	-	29,730,836
Machinery and Equipment	1,758,926	201,269	-	1,960,195
Total Capital Assets, being depreciated	<u>33,764,101</u>	<u>477,494</u>	<u>-</u>	<u>34,241,595</u>
Less Accumulated Depreciation for:				
Land Improvements	1,420,026	107,686	-	1,527,712
Buildings and Improvements	19,033,279	795,892	-	19,829,171
Machinery and Equipment	1,203,304	123,563	-	1,326,867
Total Accumulated Depreciation	<u>21,656,609</u>	<u>1,027,141</u>	<u>-</u>	<u>22,683,750</u>
Total Capital Assets, being Depreciated, net	<u>\$ 12,107,492</u>	<u>\$ (549,647)</u>	<u>\$ -</u>	<u>\$ 11,557,845</u>
Capital Assets, net	<u>\$ 12,597,030</u>	<u>\$ (276,439)</u>	<u>\$ 501,366</u>	<u>\$ 11,819,225</u>

**Note 3 - Detailed Notes on All Funds (Continued)**

Depreciation expense was charged to School District functions and programs as follows:

General Support	\$ 489,220
Instruction	508,117
Cost of Food Sales	<u>29,804</u>
Total Depreciation Expense	<u>\$ 1,027,141</u>

**D. Accrued Liabilities**

Accrued liabilities at June 30, 2020 were as follows:

	General Fund	Non-Major Governmental Funds	Total
Payroll and Employee Benefits	\$ 807,046	\$ 6,408	\$ 813,454
Other	<u>1,022,766</u>	<u>-</u>	<u>1,022,766</u>
	<u>\$ 1,829,812</u>	<u>\$ 6,408</u>	<u>\$ 1,836,220</u>

**E. Long-Term Liabilities**

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2020:

	Balance June 30, 2019	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2020	Due Within One-Year
General Obligation Bonds Payable	\$ 1,725,000	\$ -	\$ 225,000	\$ 1,500,000	\$ 250,000
Installment Purchase Debt Payable	<u>1,809,074</u>	<u>-</u>	<u>588,535</u>	<u>1,220,539</u>	<u>602,908</u>
Other Non-current Liabilities:					
Claims Payable	2,496,100	643,516	1,290,420	1,849,196	1,057,559
Compensated Absences	6,885,769	819,513	689,000	7,016,282	702,000
Net Pension Liability	1,511,207	4,349,232	-	5,860,439	-
Other Post Employment Benefit Obligations Payable	<u>124,855,067</u>	<u>43,691,214</u>	<u>3,634,761</u>	<u>164,911,520</u>	<u>-</u>
Total Other Non-current Liabilities	<u>135,748,143</u>	<u>49,503,475</u>	<u>5,614,181</u>	<u>179,637,437</u>	<u>1,759,559</u>
Total Long-Term Liabilities	<u>\$ 139,282,217</u>	<u>\$ 49,503,475</u>	<u>\$ 6,427,716</u>	<u>\$ 182,357,976</u>	<u>\$ 2,612,467</u>

The School District's indebtedness for general obligation bonds, installment purchase debt, claims, compensated absences, net pension liability and other post employment benefit obligations is satisfied by the General Fund.

**Note 3 - Detailed Notes on All Funds (Continued)****General Obligation Bonds Payable**

General obligation bonds payable at June 30, 2020 is comprised of the following individual issue:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2020
District-wide Improvements	2010	\$ 3,456,250	May 2026	3.0 - 3.375 %	<u>\$ 1,500,000</u>

Interest expenditures of \$54,563 were recorded in the fund financial statements in the General Fund. Interest expense of \$53,719 was recorded in the district-wide financial statements.

**Installment Purchase Debt Payable**

The School District, in 2012, entered into a lease agreement for the acquisition of certain equipment. The terms of the agreement provide for the repayment of the principal amount of \$5,621,161 in ten annual installments of \$632,715, including interest at 2.44%. The balance due at June 30, 2020 was \$1,220,539.

The School District, in 2015, entered into a lease agreement for the acquisition of a plow truck. The terms of the agreement provide for the repayment of the principal amount of \$41,714 in five annual installments of \$9,088, including interest at 4.47%. The obligation was satisfied in the current year.

Interest expenditures of \$44,180 were recorded in the fund financial statements in the General Fund. Interest expense of \$34,599 was recorded in the district-wide financial statements.

**Payments to Maturity**

The annual requirements to amortize all outstanding bonded and installment purchase debt as of June 30, 2020 including interest payments of \$216,142 are as follows:

Year Ending June 30,	General Obligation Bonds		Installment Purchase Debt	
	Principal	Interest	Principal	Interest
2021	\$ 250,000	\$ 47,813	\$ 602,908	\$ 29,807
2022	250,000	40,313	617,631	15,083
2022	250,000	32,813	-	-
2024	250,000	25,000	-	-
2025	250,000	11,875	-	-
2026	250,000	13,438	-	-
	<u>\$ 1,500,000</u>	<u>\$ 171,252</u>	<u>\$ 1,220,539</u>	<u>\$ 44,890</u>
Year Ending June 30,	Total			
	Principal	Interest		
2021	\$ 852,908	\$ 77,620		
2022	867,631	55,396		
2022	250,000	32,813		
2024	250,000	25,000		
2024	250,000	11,875		
2026	250,000	13,438		
	<u>\$ 2,720,539</u>	<u>\$ 216,142</u>		



**Note 3 - Detailed Notes on All Funds (Continued)**

The above general obligation bonds and installment purchase debt are direct obligations of the School District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the School District.

**Claims Payable**

The district-wide financial statement reflects workers' compensation benefit liabilities, which are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported (IBNR's). The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience.

An analysis of unpaid claim liabilities is as follows:

	2020	2019
Unpaid Claims - Beginning of Year	\$ 729,135	\$ 821,843
Incurred Claims including IBNR's	163,487	156,122
Claims Paid	(316,517)	(248,830)
Unpaid Claims - End of Year	<u>\$ 576,105</u>	<u>\$ 729,135</u>
Due within One Year	<u>\$ 58,000</u>	<u>\$ 73,000</u>

This amount has been recorded as an expense and liability in the district-wide financial statements. Claims payable also includes a liability of \$1,273,091 for court ordered tax certiorari refunds, which were not due and payable at year-end. These amounts have been recorded as an expense in the district-wide financial statements. The portion of tax certiorari due and payable within one year is \$999,559.

**Compensated Absences**

Under the terms of existing collective bargaining agreements, the School District is required to compensate certain employees for accumulated sick leave. For these employees to receive reimbursement, they must be eligible for retirement, and must give notice pursuant to contract provisions. Clerical, custodial employees and administrators are granted vacation in varying amounts, based primarily on length of service and service position. These benefits may be forfeited if not taken within the varying time periods. The value of the compensated absences is calculated based on pay rates in effect at year-end and has been reflected in the district-wide financial statements.

**Note 3 - Detailed Notes on All Funds (Continued)**

**Pension Plans**

*New York State and Local Retirement System and Teachers' Retirement System*

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at [www.osc.state.ny.us/retire/about\\_us/financial\\_statements\\_index.php](http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The TRS issues a stand-alone financial report which may be found at [www.nystrs.org](http://www.nystrs.org) or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rates for the plans' year ending in 2020 are as follows:

**Note 3 - Detailed Notes on All Funds (Continued)**

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I	20.6 %
	2 75I	18.8
	3 A15	15.9
	4 A15	15.9
	5 A15	13.3
	6 A15	9.4
TRS	1-6	8.86 %

At June 30, 2020, the School District reported the following for its proportionate share of the net pension liability (asset) for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Net pension liability (asset)	\$ 5,860,439	\$ (5,573,543)
School Districts' proportion of the net pension liability (asset)	0.0221311 %	0.214532 %
Change in proportion since the prior measurement date	0.0008024 %	0.003179 %

The net pension liability (asset) was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS and the total pension liability used to calculate the net pension liability (asset) were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension asset for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2020, the School District recognized pension expense in the district-wide financial statements of \$8,986,303 (\$2,055,268 for ERS and \$6,931,035 for TRS). Pension expenditures for ERS of \$975,631 were reported in the fund financial statements and were charged to the General Fund. Pension expenditures for TRS of \$3,165,214 were recorded in the fund financial statements in the General Fund and \$32,419 in the Special Aid Fund.

**Note 3 - Detailed Notes on All Funds (Continued)**

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 344,911	\$ -	\$ 3,777,048	\$ 414,460
Changes of assumptions	118,001	101,892	10,529,169	2,567,309
Net difference between projected and actual earnings on pension plan investments	3,004,346	-	-	4,469,694
Changes in proportion and differences between School District contributions and proportionate share of contributions	233,984	28,265	373,624	197,386
School District contributions subsequent to the measurement date	246,270	-	3,199,165	-
	<u>\$ 3,947,512</u>	<u>\$ 130,157</u>	<u>\$ 17,879,006</u>	<u>\$ 7,648,849</u>
Total				
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 4,121,959	\$ 414,460		
Changes of assumptions	10,647,170	2,669,201		
Net difference between projected and actual earnings on pension plan investments	3,004,346	4,469,694		
Changes in proportion and differences between School District contributions and proportionate share of contributions	607,608	225,651		
School District contributions subsequent to the measurement date	3,445,435	-		
	<u>\$ 21,826,518</u>	<u>\$ 7,779,006</u>		

\$246,270 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan's year ended March 31, 2021. The \$3,199,165 reported as deferred outflows of resources related to TRS will be recognized as an increase of the net pension asset in the plan's year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended	March 31, ERS	June 30, TRS
2020	\$ -	\$ 2,565,649
2021	630,855	204,098
2022	906,158	2,556,510
2023	1,132,060	1,704,683
2024	902,012	214,566
Thereafter	-	(214,514)

**Note 3 - Detailed Notes on All Funds (Continued)**

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted below, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Investment rate of return	6.8% *	7.1% *
Salary scale	4.2%	1.90%-4.72%
Inflation rate	2.5%	2.2%
Cost of living adjustments	1.3%	1.3%

\*Compounded annually, net of pension plan investment expenses, including inflation.

For ERS, annuitant mortality rates are based on the ERS's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the ERS valuation were based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. The actuarial assumptions used in the TRS valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

For ERS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

For TRS, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

**Note 3 - Detailed Notes on All Funds (Continued)**

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation is summarized in the following table:

Asset Type	ERS March 31, 2020		TRS June 30, 2019	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	4.05 %	33 %	6.30 %
International Equity	14	6.15	16	7.80
Private Equity	10	6.75	8	9.90
Real Estate	10	4.95	11	4.60
Global Equities	-	-	4	7.20
Domestic Fixed Income Securities	-	-	16	1.30
Global Fixed Income Securities	-	-	2	0.90
Private Debt	-	-	1	6.50
Real Estate Debt	-	-	7	2.90
High Yield Fixed Income Securities	-	-	1	3.60
Absolute Return Strategies	2	3.25	-	-
Opportunistic Portfolio	3	4.65	-	-
Real Assets	3	5.95	-	-
Bonds and Mortgages	17	0.75	-	-
Cash	1	-	1	0.30
Inflation Indexed Bonds	4	0.50	-	-
	<u>100 %</u>		<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and 2.2% for TRS.

The discount rate used to calculate the total pension liability was 6.8% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.8% for ERS and 7.1% for TRS, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.8% for ERS and 6.1% for TRS) or 1 percentage point higher (7.8% for ERS and 8.1% for TRS) than the current rate:

**Note 3 - Detailed Notes on All Funds (Continued)**

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
School District's proportionate share of the ERS net pension liability	<u>\$ 10,755,560</u>	<u>\$ 5,860,439</u>	<u>\$ 1,352,012</u>
	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
School District's proportionate share of the TRS net pension liability (asset)	<u>\$ 25,158,394</u>	<u>\$ (5,573,543)</u>	<u>\$ (31,354,171)</u>

The components of the collective net pension liability as of the March 31, 2020 ERS measurement date and the June 30, 2019 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	\$ 194,596,261,000	\$ 119,879,473,882
Fiduciary net position	<u>168,115,682,000</u>	<u>122,477,480,654</u>
Employers' net pension liability (asset)	<u>\$ 26,480,579,000</u>	<u>\$ (2,598,006,772)</u>
Fiduciary net position as a percentage of total pension liability (asset)	<u>86.39%</u>	<u>102.17%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2020 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2020 were \$246,270 to ERS and \$3,452,289 to TRS, inclusive of \$253,124 of employee contributions.

**Note 3 - Detailed Notes on All Funds (Continued)***Voluntary Defined Contribution Plan*

The School District can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending upon salary and the School District will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in the program.

**Other Post Employment Benefit Obligations ("OPEB")**

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing post employment health care benefits is shared between the School District and the retired employee as noted below. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	320
Inactive employees entitled to but not yet receiving benefit payments	1
Active employees	<u>607</u>
	<u>928</u>

The School District's total OPEB liability of \$164,911,520 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.50%
Discount rate	2.21%
Healthcare cost trend rates	7.5% for 2020, decreasing 0.5% per year to an ultimate rate of 5.00% for 2025 and later years
Retirees' share of benefit-related costs	Varies from 5% to 65% depending on applicable retirement year and bargaining unit

The discount rate was based on the Bond Buyer's 20 Bond Index.

Mortality rates were based on the Society of Actuaries Mortality Projection Scale MP-2019.



**Note 3 - Detailed Notes on All Funds (Continued)**

The School District's change in the total OPEB liability for the year ended June 30, 2020 is as follows:

Total OPEB Liability - Beginning of Year	\$ 124,855,067
Service cost	3,882,402
Interest	4,764,455
Changes of benefit terms	-
Differences between expected and actual experience	(14,225,354)
Changes in assumptions or other inputs	49,269,711
Benefit payments	<u>(3,634,761)</u>
Total OPEB Liability - End of Year	<u>\$ 164,911,520</u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current discount rate:

	1% Decrease (1.21%)	Current Assumption (2.21%)	1% Increase (3.21%)
Total OPEB Liability	<u>\$ 200,966,074</u>	<u>\$ 164,911,520</u>	<u>\$ 137,532,083</u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (6.5% decreasing to 4.00%)	Healthcare Cost Trend Rates (7.5% decreasing to 5.00%)	1% Increase (8.5% decreasing to 6.00%)
Total OPEB Liability	<u>\$ 133,979,540</u>	<u>\$ 164,911,520</u>	<u>\$ 207,003,513</u>

For the year ended June 30, 2020, the School District recognized OPEB expense of \$13,013,650 in the district-wide financial statements. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Changes of assumptions or other inputs	\$ 42,506,538	\$ 4,535,346
Differences between expected and actual experience	<u>47,916</u>	<u>12,391,894</u>
	<u>\$ 42,554,454</u>	<u>\$ 16,927,240</u>

**Note 3 - Detailed Notes on All Funds (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2020	\$ 4,366,793
2021	4,366,793
2022	4,366,793
2023	4,366,793
2024	4,366,793
Thereafter	3,793,249

**F. Revenues and Expenditures****Interfund Transfers**

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without equivalent flows of assets in return. The interfund transfers reflected below have been reported as transfers.

Transfers Out	Transfers In				Total
	General Fund	Special Aid Fund	Capital Projects Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 464,516	\$ 600,000	\$ 338,731	\$ 1,403,247
Capital Projects Fund	251,365	-	-	-	251,365
	<u>\$ 251,365</u>	<u>\$ 464,516</u>	<u>\$ 600,000</u>	<u>\$ 338,731</u>	<u>\$ 1,654,612</u>

Transfers are used to 1) move amounts earmarked in the operating funds to fulfill commitments for Special Aid and Capital Projects fund expenditures and 2) move unexpended Capital Projects Fund balances to the General Fund that originally provided the funding.

**G. Net Position**

The components of net position are detailed below:

*Net Investment in Capital Assets* - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

*Restricted for Future Capital Projects* - the component of net position that has been established to set aside funds to be used for future capital projects.

*Restricted for Capital Projects* - the component of net position that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds and unrestricted interest earnings.

**Note 3 - Detailed Notes on All Funds (Continued)**

*Restricted for Tax Certiorari* - the component of net position that has been established in accordance with the Education Law of the State of New York to provide funding for court ordered tax refunds which are currently in process.

*Restricted for Workers' Compensation Benefits* - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-j of the General Municipal Law of the State of New York.

*Restricted for Unemployment Benefits* - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-m of the General Municipal Law of the State of New York.

*Restricted for ERS Retirement System Contributions* - the component of net position that reports the amounts set aside to be used for ERS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

*Restricted for TRS Retirement Contributions* - the component of net position that reports the amounts set aside to be used for TRS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

*Restricted for Special Purposes* - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by either external parties and/or statute.

*Unrestricted* - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

# Glen Cove City School District, New York

Notes to Financial Statements (Continued)  
June 30, 2020

## Note 3 - Detailed Notes on All Funds (Continued)

### H. Fund Balances

	2020				2019			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable - Inventories	\$ -	\$ -	\$ 32,283	\$ 32,283	\$ -	\$ -	\$ 16,023	\$ 16,023
Restricted:								
Tax certiorari	3,122,428	-	-	3,122,428	4,024,776	-	-	4,024,776
Tax certiorari - for subsequent year's expenditures	1,340,000	-	-	1,340,000	1,305,000	-	-	1,305,000
Workers' compensation benefits	2,937,110	-	-	2,937,110	2,763,935	-	-	2,763,935
Workers' compensation benefits - for subsequent year's expenditures	200,000	-	-	200,000	200,000	-	-	200,000
Employee benefit accrued liability	5,423,186	-	-	5,423,186	4,540,531	-	-	4,540,531
Employee benefit accrued liability - for subsequent year's expenditures	250,000	-	-	250,000	-	-	-	-
Unemployment benefits	392,988	-	-	392,988	236,721	-	-	236,721
ERS retirement system contributions	3,607,282	-	-	3,607,282	3,124,560	-	-	3,124,560
ERS retirement system contributions - for subsequent year's expenditures	600,000	-	-	600,000	-	-	-	-
TRS retirement system contributions	1,422,947	-	-	1,422,947	688,542	-	-	688,542
Future Capital projects	3,654,183	-	-	3,654,183	2,585,726	-	-	2,585,726
Capital projects	-	460,485	-	460,485	-	-	-	-
Special purposes	-	-	55,278	55,278	-	-	69,329	69,329
Total Restricted	22,950,124	460,485	55,278	23,465,887	19,469,791	-	69,329	19,539,120
Assigned:								
Purchases on order:								
General government support	439,965	-	-	439,965	464,258	-	-	464,258
Instruction	227,084	-	-	227,084	77,625	-	-	77,625
	667,049	-	-	667,049	541,883	-	-	541,883
School Lunch Fund	-	-	-	-	-	-	22,369	22,369
Total Assigned	667,049	-	-	667,049	541,883	-	22,369	564,252
Unassigned	3,698,968	-	-	3,698,968	3,650,319	(16,313)	-	3,634,006
Total Fund Balances (Deficits)	\$ 27,316,141	\$ 460,485	\$ 87,561	\$ 27,864,187	\$ 23,661,993	\$ (16,313)	\$ 107,721	\$ 23,753,401

**Note 3 - Detailed Notes on All Funds (Continued)**

Certain elements of fund balance are described above. Those additional elements, which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Inventories in the School Lunch Fund have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of commodities and the School District anticipates utilizing them in the normal course of operations.

Employee Benefit Accrued Liability - the component of fund balance that has been restricted pursuant to Section 6-r of the General Municipal Law of the State of New York to provide funds for the payment of unused sick time and other forms of payment for accrued leave time granted upon termination or separation from service.

Capital Projects - the component of fund balance that reports the amounts restricted for capital project improvements as established by Section 3651 of the Education Law of the State of New York.

Purchases on order are assigned and represent the School District's intention to honor the contracts in process at year-end. The subsequent year's appropriation will be amended to provide authority to complete the transactions.

Subsequent year's expenditures represent that at June 30, 2020, the Board of Education has utilized the above amounts to be appropriated for the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned.

**Note 4 - Summary Disclosure of Significant Contingencies**

**A. Litigation**

The School District, in common with other School District's, receives numerous notices of claims for monetary damages arising from property damage or personal injury. Of all the claims currently pending, none are expected to have a material effect on the School District's financial position if adversely affected.

**B. Contingencies**

The School District participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Uniform Guidance. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

The School District is subject to audits of State aid by the New York State Education Department. The amount of aid previously paid to the School District which may be disallowed cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

**Note 4 - Summary Disclosure of Significant Contingencies (Continued)**

*Coronavirus*

On March 11, 2020, the World Health Organization declared a global pandemic as a result of the spread of Coronavirus. This was followed by the President of the United States declaring the outbreak of Coronavirus a national emergency on March 13, 2020.

Preceding these announcements, the Governor of the State of New York declared a state of emergency on March 7, 2020 and has since issued multiple Executive Orders regarding the pandemic. Furthermore, the Enacted 2020-21 New York State budget granted the Budget Director the authority to reduce state aid payments to local governments and school districts by any amount needed to achieve a balanced budget. The Budget Director is authorized, under Section 1(f) of Chapter 53 of the Laws of 2020, to withhold all or some of specific local aid payments during state fiscal year 2020-21, that began on April 1, 2020, if the budget is deemed unbalanced and if the Budget Director further determines that such withholding is necessary to respond to the direct and indirect economic financial and social effects of the Coronavirus pandemic ("Reduction Authority").

The ultimate size of any permanent reductions would depend in part on the availability of unrestricted Federal aid. The Federal government has not reached a consensus on additional recovery legislation at this time. Therefore, in the interim, without assurance of Federal aid, New York State has begun withholding a minimum of 20% of most municipal and school district aid payments to achieve the cash flow savings anticipated in the Executive Budget Financial Plan as updated for the Governor's amendments and forecast revisions pursuant to the Reduction Authority. Such measures may impact the ability of the school districts and social service agencies that send students to attend the School District to have the cash flow resources to continue to pay the tuition charges as they come due. It may also limit tuition rate increases in the foreseeable future.

In addition to these New York State actions, the School District's expenditures on health and safety measures (personal protective equipment, sanitizing supplies, custodial overtime, technology acquisitions to support remote work and remote learning, additional bus runs to lower capacity) will increase significantly.

The outbreak of the Coronavirus and the dramatic steps taken by the Federal government and New York State to address it will continue to negatively affect New York State and its local economies. The full impact of the Coronavirus on New York State's operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact on the School District's future operations and finances as a result of the Coronavirus is extremely difficult to predict due to uncertainties relating to its duration and severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including New York State, to contain or mitigate its effects. The spread of the outbreak or reemergence later in the year could have a material adverse financial effect on New York State and local municipalities, including the School District. The School District is continuously monitoring the situation and will take such proactive measures as may be required to maintain operations and meet its obligations. Given this level of uncertainty, management cannot reasonably estimate the actual impact on the School District's future financial position at this time.

**Note 4 - Summary Disclosure of Significant Contingencies (Continued)****C. Risk Management**

The School District is exposed to various risks of loss. The School District purchases various insurance coverages from independent third parties to reduce its exposure to loss. In addition to other coverages, the School District maintains commercial general liability insurance coverage with policy limits of \$1 million per occurrence. The School District also maintains school board legal and employment practices liability coverage for school board members and employees up to \$1 million per claim and \$3 million in the aggregate and an excess catastrophe liability policy (umbrella) with a limit of \$15 million per occurrence/claim. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School District participates in the New York Schools Insurance Reciprocal ("NYSIR"), a not-for-profit municipally owned insurance company, for its School District property and liability insurance coverage. NYSIR is a New York State licensed and filed insurance company that exclusively insures its member New York public school districts and BOCES'. The School District has essentially transferred its property and liability risk to the reciprocal pool.

The School District has established a self-insured plan for risks associated with workers' compensation claims. The workers' compensation claims are covered up to statutory limits. Insurance coverage has been secured for losses in excess of \$500,000 up to statutory limits. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include provisions for claims reported and claims incurred but not reported.

**Note 5 - Tax Abatement**

The School District has real property tax abatement agreements with the City of Glen Cove ("City") and the County of Nassau Industrial Development Agency ("IDA"), established by Article 18-A of General Municipal Law of New York State, under the authority of New York State General Municipal Law Section 922.

Copies of the agreements may be obtained from the School District. Information relevant to disclosure of these agreements for the fiscal year ended June 30, 2020 is as follows:

Start Date	Agreement	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Received	Taxes Abated
11/1/2001	Avalon I	\$ 49,323,500	\$ 3.973	\$ 1,959,688	\$ 1,037,419	\$ 922,269
9/1/2005	Avalon II	17,199,500	3.973	683,359	527,249	156,110
12/20/2011	Fair Housing	19,992,000	1.350	269,855	32,088	237,767
12/27/2013	Movie Theatre	2,428,500	3.973	96,488	42,924	53,564
4/19/2016	The Regency	8,103,000	3.973	321,943	258,654	63,289
12/1/2016	Samuel Pierce Apartments	6,107,000	3.973	242,639	36,264	206,375
1/1/2017	RXR Realty	32,950,860	3.973	1,309,181	571,902	737,279
12/1/2017	50 Glen Street	2,575,000	3.973	102,308	66,027	36,281
		<u>\$ 138,679,360</u>		<u>\$ 4,985,461</u>	<u>\$ 2,572,527</u>	<u>\$ 2,412,934</u>

The School District also received a PILOT payment in the amount of \$1,164,384 from the City related to the Long Island Power Authority. This PILOT is not considered a tax abatement as the purpose of this agreement was not to abate taxes. In addition, the school District received PILOT payments from two properties (Men on the Move for \$258,248 and Village Square for \$114,665) for which no taxes were abated.

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**Glen Cove City School District, New York**

Required Supplementary Information - Schedule of Changes in the  
School District's Total OPEB Liability and Related Ratios  
Last Ten Fiscal Years (1) (2)

	2020	2019	2018
Total OPEB Liability:			
Service cost	\$ 3,882,402	\$ 4,307,806	\$ 4,436,118
Interest	4,764,455	4,564,330	4,241,500
Differences between expected and actual experience	(14,225,354) (5)	(142,206)	62,106
Changes in assumptions or other inputs	49,269,711 (6)	(5,409,208) (4)	-
Benefit payments	(3,634,761)	(3,774,635)	(3,754,667)
Net Change in Total OPEB Liability	40,056,453	(453,913)	4,985,057
Total OPEB Liability – Beginning of Year	124,855,067	125,308,980	120,323,923 (3)
Total OPEB Liability – End of Year	<u>\$ 164,911,520</u>	<u>\$ 124,855,067</u>	<u>\$ 125,308,980</u>
School District's covered-employee payroll	<u>\$ 40,014,189</u>	<u>\$ 40,487,744</u>	<u>\$ 39,308,489</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>412%</u>	<u>308%</u>	<u>319%</u>

Notes to Schedule:

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.

(3) Restated for the implementation of the provisions of GASB Statement No. 75.

(4) The discount rate used to calculate the total OPEB liability was increased from 3.58% to 3.87%.

(5) Differences between expected and actual experience were attributable to a) increases above what was expected in the overall number of active employees b) a level of active employees terminating that is less than expected c) mortality experience more favorable than expected d) overall average claims costs higher than expected.

(6) The discount rate used to calculate the total OPEB liability was decreased from 3.87% to 2.21%.

**Glen Cove City School District, New York**

Required Supplementary Information - Schedule of the  
New York State Teachers' Retirement System  
Last Ten Fiscal Years (1)

Schedule of the School District's Proportionate Share of the Net Pension Liability (Assets) (2)						
	2020 (5)	2019	2018 (4)	2017 (3)	2016	2015
School District's proportion of the net pension liability (asset)	<u>0.214532%</u>	<u>0.211353%</u>	<u>0.215753%</u>	<u>0.217187%</u>	<u>0.218589%</u>	<u>0.221498%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ (5,573,543)</u>	<u>\$ (3,821,825)</u>	<u>\$ (1,639,938)</u>	<u>\$ 2,326,168</u>	<u>\$ (22,704,389)</u>	<u>\$ (24,673,535)</u>
School District's covered payroll	<u>\$ 35,809,765</u>	<u>\$ 34,959,034</u>	<u>\$ 34,187,065</u>	<u>\$ 34,406,892</u>	<u>\$ 32,834,973</u>	<u>\$ 32,506,623</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>(15.56)%</u>	<u>(10.93)%</u>	<u>(4.80)%</u>	<u>6.76%</u>	<u>(69.15)%</u>	<u>(75.90)%</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	<u>102.17%</u>	<u>101.53%</u>	<u>100.66%</u>	<u>99.01%</u>	<u>110.46%</u>	<u>111.48%</u>
Schedule of Contributions						
	2020	2019	2018	2017	2016	2015
Contractually required contribution	<u>\$ 3,199,165</u>	<u>\$ 3,802,997</u>	<u>\$ 3,425,985</u>	<u>\$ 4,006,724</u>	<u>\$ 4,562,354</u>	<u>\$ 5,755,971</u>
Contributions in relation to the contractually required contribution	<u>(3,199,165)</u>	<u>(3,802,997)</u>	<u>(3,425,985)</u>	<u>(4,006,724)</u>	<u>(4,562,354)</u>	<u>(5,755,971)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 36,107,957</u>	<u>\$ 35,809,765</u>	<u>\$ 34,959,034</u>	<u>\$ 34,187,065</u>	<u>\$ 34,406,892</u>	<u>\$ 32,834,973</u>
Contributions as a percentage of covered payroll	<u>8.86%</u>	<u>10.62%</u>	<u>9.80%</u>	<u>11.72%</u>	<u>13.26%</u>	<u>17.53%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

(2) The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year

(3) The discount rate used to calculate the total pension liability was decreased from 8.0% to 7.5% effective with the June 30, 2016 measurement date.

(4) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.25% effective with the June 30, 2017 measurement date.

(5) The discount rate used to calculate the total pension liability was decreased from 7.25% to 7.1% effective with the June 30, 2019 measurement date.

See independent auditors' report.

**Glen Cove City School District, New York**

Required Supplementary Information - Schedule of the  
New York State and Local Employees' Retirement System  
Last Ten Fiscal Years (1)

Schedule of the School District's Proportionate Share of the Net Pension Liability (2)						
	2020 (4)	2019	2018	2017	2016 (3)	2015
School District's proportion of the net pension liability	<u>0.0221311%</u>	<u>0.0213287%</u>	<u>0.0212100%</u>	<u>0.0221864%</u>	<u>0.0230197%</u>	<u>0.0242949%</u>
School District's proportionate share of the net pension liability	<u>\$ 5,860,439</u>	<u>\$ 1,511,207</u>	<u>\$ 684,543</u>	<u>\$ 2,084,687</u>	<u>\$ 3,694,725</u>	<u>\$ 820,741</u>
School District's covered payroll	<u>\$ 7,073,232</u>	<u>\$ 6,738,774</u>	<u>\$ 6,382,384</u>	<u>\$ 6,181,669</u>	<u>\$ 6,155,611</u>	<u>\$ 6,221,449</u>
School District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>82.85%</u>	<u>22.43%</u>	<u>10.73%</u>	<u>33.72%</u>	<u>60.02%</u>	<u>13.19%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>86.39%</u>	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>

Schedule of Contributions						
	2019	2019	2018	2017	2016	2015
Contractually required contribution	\$ 959,081	\$ 922,715	\$ 963,650	\$ 929,770	\$ 1,031,048	\$ 1,343,082
Contributions in relation to the contractually required contribution	<u>(959,081)</u>	<u>(922,715)</u>	<u>(963,650)</u>	<u>(929,770)</u>	<u>(1,031,048)</u>	<u>(1,343,082)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 7,061,306</u>	<u>\$ 6,810,526</u>	<u>\$ 6,473,741</u>	<u>\$ 6,237,893</u>	<u>\$ 6,107,293</u>	<u>\$ 6,179,303</u>
Contributions as a percentage of covered payroll	<u>13.58%</u>	<u>13.55%</u>	<u>14.89%</u>	<u>14.91%</u>	<u>16.88%</u>	<u>21.74%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

(2) The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(3) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement.

(4) The discount rate used to calculate the total pension liability was decreased from 7.0% to 6.8% effective with the March 31, 2020 measurement.

See independent auditors' report.

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**Glen Cove City School District, New York**

General Fund  
Comparative Balance Sheet  
June 30,

	2020	2019
<b>ASSETS</b>		
Cash and equivalents	\$ 32,263,783	\$ 29,337,147
Receivables		
Taxes	3,286,638	1,046,536
Accounts	9,449	124,709
State and Federal aid	1,238,799	1,192,532
Due from other governments	297,955	494,124
Due from other funds	1,064,644	1,803,645
	5,897,485	4,661,546
Total Assets	\$ 38,161,268	\$ 33,998,693
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 1,729,263	\$ 3,206,944
Accrued liabilities	1,829,812	374,714
Due to other governments	779,664	1,023,744
Due to retirement systems	3,698,559	4,251,237
Unearned revenues	1,189,443	641,259
Total Liabilities	9,226,741	9,497,898
Deferred inflows of resources		
Deferred tax revenues	1,618,386	838,802
Total Liabilities and Deferred Inflows of Resources	10,845,127	10,336,700
Fund balance		
Restricted	22,950,124	19,469,791
Assigned	667,049	541,883
Unassigned	3,698,968	3,650,319
Total Fund Balance	27,316,141	23,661,993
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 38,161,268	\$ 33,998,693

See independent auditors' report.

**Glen Cove City School District, New York**

General Fund  
Comparative Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
Years Ended June 30,

	2020				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbrances	
<b>REVENUES</b>					
Real property taxes	\$ 65,052,408	\$ 65,052,408	\$ 64,228,405	\$	\$ (824,003)
Other tax items	8,664,168	8,664,168	8,790,258		126,090
Non-property taxes	1,375,000	1,375,000	1,310,830		(64,170)
Charges for services	209,000	209,000	80,747		(128,253)
Use of money and property	165,000	165,000	604,917		439,917
Sale of property and compensation for loss	-	-	74,099		74,099
State aid	14,155,907	14,165,907	14,238,089		72,182
Federal aid	66,500	66,500	180,190		113,690
Miscellaneous	65,000	73,000	410,640		337,640
<b>Total Revenues</b>	<b>89,752,983</b>	<b>89,770,983</b>	<b>89,918,175</b>		<b>147,192</b>
<b>EXPENDITURES</b>					
Current					
General support					
Board of education	89,751	120,683	112,068	-	8,615
Central administration	336,430	343,201	341,420	-	1,781
Finance	904,636	958,534	873,083	38,000	47,451
Staff	704,445	648,845	388,067	815	259,963
Central services	5,915,312	6,906,638	6,234,268	399,850	272,520
Special items	2,173,693	2,180,533	1,847,264	1,300	331,969
<b>Total General Support</b>	<b>10,124,267</b>	<b>11,158,434</b>	<b>9,796,170</b>	<b>439,965</b>	<b>922,299</b>
Instruction					
Instruction, administration and improvement	4,376,501	4,316,114	4,249,912	-	66,202
Teaching - Regular school	26,880,434	26,571,412	25,865,138	29,361	676,913
Programs for students with disabilities	14,847,783	15,379,609	14,755,943	-	623,666
Occupational education	600,000	600,000	581,977	-	18,023
Teaching - Special schools	346,000	355,136	273,723	-	81,413
Instructional media	2,219,452	2,338,699	2,030,480	197,723	110,496
Pupil services	4,139,683	4,040,029	3,628,532	-	411,497
<b>Total Instruction</b>	<b>53,409,853</b>	<b>53,600,999</b>	<b>51,385,705</b>	<b>227,084</b>	<b>1,988,210</b>
Pupil transportation	5,987,730	5,290,548	4,773,141	-	517,407
Community services	20,150	20,150	11,204	-	8,946
Employee benefits	20,595,588	19,432,210	18,233,647	-	1,198,563
Debt service					
Principal	813,535	813,535	813,535	-	-
Interest	98,743	98,743	98,743	-	-
<b>Total Expenditures</b>	<b>91,049,866</b>	<b>90,414,619</b>	<b>85,112,145</b>	<b>667,049</b>	<b>4,635,425</b>
Excess (Deficiency) of Revenues Over Expenditures	(1,296,883)	(643,636)	4,806,030	(667,049)	4,782,617
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	251,365	-	251,365
Transfers out	(750,000)	(1,403,247)	(1,403,247)	-	-
<b>Total Other Financing Uses</b>	<b>(750,000)</b>	<b>(1,403,247)</b>	<b>(1,151,882)</b>	<b>-</b>	<b>251,365</b>
<b>Net Change in Fund Balance</b>	<b>(2,046,883)</b>	<b>(2,046,883)</b>	<b>3,654,148</b>	<b>\$ (667,049)</b>	<b>\$ 5,033,982</b>
<b>FUND BALANCE</b>					
Beginning of Year	2,046,883	2,046,883	23,661,993		
End of Year	\$ -	\$ -	\$ 27,316,141		

See independent auditors' report.

2019				
Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
\$ 63,021,767	\$ 63,021,767	\$ 63,825,550	\$	\$ 803,783
8,813,285	8,813,285	8,645,677		(167,608)
1,300,000	1,300,000	1,531,247		231,247
225,567	225,567	449,792		224,225
90,000	90,000	486,202		396,202
-	-	20,304		20,304
12,627,907	12,677,907	13,018,988		341,081
90,600	90,600	245,879		155,279
65,000	65,000	542,437		477,437
86,234,126	86,284,126	88,766,076		2,481,950
84,500	119,655	113,746	-	5,909
331,874	344,118	341,477	-	2,641
880,779	886,690	812,509	68,422	5,759
546,893	532,723	460,113	1,052	71,558
5,677,884	5,748,083	5,212,205	394,784	141,094
1,729,580	1,723,580	1,160,004	-	563,576
9,251,510	9,354,849	8,100,054	464,258	790,537
4,245,737	4,362,153	4,174,337	-	187,816
25,299,276	25,238,758	24,736,863	12,271	489,624
14,702,167	14,361,970	14,314,156	-	47,814
1,014,260	535,946	471,168	-	64,778
386,000	343,955	313,484	-	30,471
2,404,725	2,540,153	2,071,007	4,938	464,208
4,028,906	4,038,663	3,826,962	60,416	151,285
52,081,071	51,421,598	49,907,977	77,625	1,435,996
5,576,450	5,734,642	5,703,632	-	31,010
20,150	20,150	14,119	-	6,031
20,182,001	20,229,681	18,748,450	-	1,481,231
808,205	808,205	808,204	-	1
119,902	119,911	119,911	-	-
88,039,289	87,689,036	83,402,347	541,883	3,744,806
(1,805,163)	(1,404,910)	5,363,729	(541,883)	6,226,756
-	-	63,989	-	63,989
(600,000)	(1,612,105)	(1,612,105)	-	-
(600,000)	(1,612,105)	(1,548,116)	-	63,989
(2,405,163)	(3,017,015)	3,815,613	\$ (541,883)	\$ 6,290,745
2,405,163	3,017,015	19,846,380		
\$ -	\$ -	\$ 23,661,993		

**Glen Cove City School District, New York**

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REAL PROPERTY TAXES</b>	<u>\$ 65,052,408</u>	<u>\$ 65,052,408</u>	<u>\$ 64,228,405</u>	<u>\$ (824,003)</u>
<b>OTHER TAX ITEMS</b>				
School tax relief reimbursement	4,438,987	4,438,987	4,438,987	-
Payments in lieu of taxes	4,025,181	4,025,181	4,109,824	84,643
Interest and penalties on real property taxes	<u>200,000</u>	<u>200,000</u>	<u>241,447</u>	<u>41,447</u>
	<u>8,664,168</u>	<u>8,664,168</u>	<u>8,790,258</u>	<u>126,090</u>
<b>NON-PROPERTY TAXES</b>				
Non-property tax distribution from County	<u>1,375,000</u>	<u>1,375,000</u>	<u>1,310,830</u>	<u>(64,170)</u>
<b>CHARGES FOR SERVICES</b>				
Day school tuition	145,000	145,000	57,802	(87,198)
Adult education fees	12,000	12,000	6,270	(5,730)
Other student fees and charges	<u>52,000</u>	<u>52,000</u>	<u>16,675</u>	<u>(35,325)</u>
	<u>209,000</u>	<u>209,000</u>	<u>80,747</u>	<u>(128,253)</u>
<b>USE OF MONEY AND PROPERTY</b>				
Earnings on investments	150,000	150,000	586,607	436,607
Rental of real property	<u>15,000</u>	<u>15,000</u>	<u>18,310</u>	<u>3,310</u>
	<u>165,000</u>	<u>165,000</u>	<u>604,917</u>	<u>439,917</u>
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b>				
Insurance recoveries	<u>-</u>	<u>-</u>	<u>74,099</u>	<u>74,099</u>



**STATE AID**

Basic formula	12,738,211	12,738,211	10,628,305	(2,109,906)
Lottery aid	25,000	25,000	2,231,607	2,206,607
BOCES aid	1,047,209	1,047,209	919,980	(127,229)
Textbook aid	226,006	226,006	226,127	121
Computer software aid	93,000	93,000	91,179	(1,821)
Disabled students tuition/transfer aid	-	-	55,600	55,600
Library aid	26,481	26,481	22,523	(3,958)
Homeless children aid	-	-	50,768	50,768
Other	-	10,000	12,000	2,000

	<u>14,155,907</u>	<u>14,165,907</u>	<u>14,238,089</u>	<u>72,182</u>
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**FEDERAL AID**

Impact aid	6,500	6,500	7,551	1,051
Medical assistance	60,000	60,000	172,639	112,639

	<u>66,500</u>	<u>66,500</u>	<u>180,190</u>	<u>113,690</u>
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**MISCELLANEOUS**

Refund of prior year's expenditures	-	-	82,528	82,528
Refund for BOCES aided services	-	-	246,494	246,494
Gifts and donations	-	-	1,160	1,160
E-rate recovery	65,000	65,000	60,827	(4,173)
Other	-	8,000	19,631	11,631

	<u>65,000</u>	<u>73,000</u>	<u>410,640</u>	<u>337,640</u>
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**TOTAL REVENUES**

	89,752,983	89,770,983	89,918,175	147,192
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**OTHER FINANCING SOURCES**

Transfers in				
Capital Projects Fund	-	-	251,365	251,365

**TOTAL REVENUES AND OTHER  
FINANCING SOURCES**

	<u>\$ 89,752,983</u>	<u>\$ 89,770,983</u>	<u>\$ 90,169,540</u>	<u>\$ 398,557</u>
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**Glen Cove City School District, New York**

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
<b>BOARD OF EDUCATION</b>					
Board of education	\$ 48,751	\$ 51,851	\$ 50,942	\$ -	\$ 909
District meeting	41,000	68,832	61,126	-	7,706
Total Board of Education	89,751	120,683	112,068	-	8,615
<b>CENTRAL ADMINISTRATION</b>					
Chief school administrator	336,430	343,201	341,420	-	1,781
<b>FINANCE</b>					
Business administration	585,314	644,536	637,199	-	7,337
Auditing	196,422	190,946	112,832	38,000	40,114
Tax collection service	50,000	50,000	50,000	-	-
Treasurer	72,900	73,052	73,052	-	-
Total Finance	904,636	958,534	873,083	38,000	47,451
<b>STAFF</b>					
Legal	256,552	256,552	89,529	815	166,208
Personnel	188,722	172,719	167,324	-	5,395
Records management	209,671	147,049	59,171	-	87,878
Public information and services	49,500	72,525	72,043	-	482
Total Staff	704,445	648,845	388,067	815	259,963

**CENTRAL SERVICES**

Operation and maintenance of plant	5,709,312	6,666,402	5,999,247	398,950	268,205
Central printing and mailing	206,000	240,236	235,021	900	4,315
Total Central Services	5,915,312	6,906,638	6,234,268	399,850	272,520

**SPECIAL ITEMS**

Unallocated insurance	386,500	391,102	389,571	1,300	231
School association dues	32,500	34,738	34,097	-	641
Refunds of real property taxes	1,305,000	1,305,000	973,903	-	331,097
Administrative charge - BOCES	449,693	449,693	449,693	-	-
Total Special Items	2,173,693	2,180,533	1,847,264	1,300	331,969
Total General Support	10,124,267	11,158,434	9,796,170	439,965	922,299

**INSTRUCTION****INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

Curriculum development and supervision	2,153,959	2,099,154	2,044,391	-	54,763
Supervision - Regular school	2,222,542	2,216,960	2,205,521	-	11,439

Total Instruction, Administration  
and Improvement

4,376,501	4,316,114	4,249,912	-	66,202
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**TEACHING - REGULAR SCHOOL**

26,880,434	26,571,412	25,865,138	29,361	676,913
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**PROGRAMS FOR STUDENTS WITH DISABILITIES**

14,847,783	15,379,609	14,755,943	-	623,666
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**OCCUPATIONAL EDUCATION**

600,000	600,000	581,977	-	18,023
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**TEACHING - SPECIAL SCHOOLS**

346,000	355,136	273,723	-	81,413
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(Continued)

**Glen Cove City School District, New York**

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
<b>INSTRUCTION (Continued)</b>					
<b>INSTRUCTIONAL MEDIA</b>					
School library and audiovisual	\$ 461,806	\$ 462,656	\$ 439,937	\$ -	\$ 22,719
Computer assisted instruction	1,757,646	1,876,043	1,590,543	197,723	87,777
Total Instructional Media	2,219,452	2,338,699	2,030,480	197,723	110,496
<b>PUPIL SERVICES</b>					
Attendance - Regular school	82,454	82,454	79,465	-	2,989
Guidance - Regular school	1,060,184	1,024,854	1,019,458	-	5,396
Health services - Regular school	892,961	886,041	752,878	-	133,163
Psychological services - Regular school	801,222	791,051	767,187	-	23,864
Social work services - Regular school	242,746	242,746	242,496	-	250
Co-curricular activities - Regular school	165,900	165,827	106,165	-	59,662
Interscholastic athletics - Regular school	894,216	847,056	660,883	-	186,173
Total Pupil Services	4,139,683	4,040,029	3,628,532	-	411,497
Total Instruction	53,409,853	53,600,999	51,385,705	227,084	1,988,210
<b>PUPIL TRANSPORTATION</b>					
District transportation services	89,400	79,900	50,612	-	29,288
Contract and public carrier transportation	5,898,330	5,210,648	4,722,529	-	488,119
Total Pupil Transportation	5,987,730	5,290,548	4,773,141	-	517,407
<b>COMMUNITY SERVICES</b>					
Summer recreation	3,650	3,650	1,466	-	2,184
Adult continuing education	16,500	16,500	9,738	-	6,762
Total Community Services	20,150	20,150	11,204	-	8,946

**EMPLOYEE BENEFITS**

State retirement	1,404,278	1,004,278	975,631	-	28,647
Teachers' retirement	3,609,494	3,209,494	3,165,214	-	44,280
Social security	3,579,416	3,186,038	3,155,105	-	30,933
Life insurance	5,500	5,500	4,080	-	1,420
Unemployment benefits	20,000	50,000	50,000	-	-
Hospital, medical and dental insurance	11,645,400	11,613,072	10,560,821	-	1,052,251
Workers' compensation benefits	325,000	355,000	316,517	-	38,483
Administrative fees	1,500	3,828	2,496	-	1,332
Disability insurance	5,000	5,000	3,783	-	1,217
	<u>20,595,588</u>	<u>19,432,210</u>	<u>18,233,647</u>	<u>-</u>	<u>1,198,563</u>
Total Employee Benefits					

**DEBT SERVICE**

Principal					
Serial bonds	225,000	225,000	225,000	-	-
Installment purchase debt	588,535	588,535	588,535	-	-
	<u>813,535</u>	<u>813,535</u>	<u>813,535</u>	<u>-</u>	<u>-</u>
Interest					
Serial bonds	54,563	54,563	54,563	-	-
Installment purchase debt	44,180	44,180	44,180	-	-
	<u>98,743</u>	<u>98,743</u>	<u>98,743</u>	<u>-</u>	<u>-</u>
Total Debt Service	<u>912,278</u>	<u>912,278</u>	<u>912,278</u>	<u>-</u>	<u>-</u>

**TOTAL EXPENDITURES**

	<u>91,049,866</u>	<u>90,414,619</u>	<u>85,112,145</u>	<u>667,049</u>	<u>4,635,425</u>
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**OTHER FINANCING USES**

Transfers out					
School Lunch Fund	-	338,731	338,731		
Special Aid Fund	150,000	464,516	464,516	-	-
Capital Projects Fund	600,000	600,000	600,000	-	-
	<u>750,000</u>	<u>1,403,247</u>	<u>1,403,247</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING USES					

**TOTAL EXPENDITURES AND OTHER FINANCING USES**

	<u>\$ 91,799,866</u>	<u>\$ 91,817,866</u>	<u>\$ 86,515,392</u>	<u>\$ 667,049</u>	<u>\$ 4,635,425</u>
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See independent auditors' report.

**Glen Cove City School District, New York**

Special Aid Fund  
Comparative Balance Sheet  
June 30,

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 74	\$ 437
State and Federal aid receivable	<u>1,529,375</u>	<u>1,831,800</u>
Total Assets	<u>\$ 1,529,449</u>	<u>\$ 1,832,237</u>
<b>LIABILITIES</b>		
Liabilities		
Accounts payable	\$ 71,543	\$ 56,992
Accrued liabilities	-	13,001
Due to other funds	<u>1,457,906</u>	<u>1,762,244</u>
Total Liabilities	<u>\$ 1,529,449</u>	<u>\$ 1,832,237</u>

See independent auditors' report.

**Glen Cove City School District, New York**

Special Aid Fund  
Comparative Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Years Ended June 30,

---

	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
State aid	\$ 891,298	\$ 698,796
Federal aid	<u>2,257,128</u>	<u>2,015,802</u>
Total Revenues	<u>3,148,426</u>	<u>2,714,598</u>
<b>EXPENDITURES</b>		
Current		
Instruction	3,387,666	3,054,604
Pupil transportation	<u>225,276</u>	<u>210,247</u>
Total Expenditures	<u>3,612,942</u>	<u>3,264,851</u>
Deficiency of Revenues Over Expenditures	(464,516)	(550,253)
<b>OTHER FINANCING SOURCES</b>		
Transfers in	<u>464,516</u>	<u>550,253</u>
Net Change in Fund Balance	-	-
<b>FUND BALANCE</b>		
Beginning of Year	<u>-</u>	<u>-</u>
End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See independent auditors' report.

**Glen Cove City School District, New York**

Capital Projects Fund  
Comparative Balance Sheet  
June 30,

	2020	2019
<b>ASSETS</b>		
Cash and equivalents	\$ 36	\$ 1,387
Receivables		
Due from other funds	416,751	-
State and federal aid	-	500,000
Due from other governments	100,000	100,000
	516,751	600,000
Total Assets	\$ 516,787	\$ 601,387
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE (DEFICIT)</b>		
Liabilities		
Accounts payable	\$ 6,302	\$ 561,028
Due to other funds	-	6,672
Total Liabilities	6,302	567,700
Deferred inflows of resources		
Unavailable revenues - Miscellaneous	50,000	50,000
Total Liabilities and Deferred Inflows of Resources	56,302	617,700
Fund balance (deficit)		
Restricted	460,485	-
Unassigned	-	(16,313)
Total Fund Balance (Deficit)	460,485	(16,313)
Total Liabilities, Deferred Inflows of Resources and Fund Balance (Deficit)	\$ 516,787	\$ 601,387

See independent auditors' report.



**Glen Cove City School District, New York**

Capital Projects Fund  
Comparative Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Years Ended June 30,

	2020	2019
<b>REVENUES</b>		
State aid	\$ -	\$ 800,000
Miscellaneous	-	50,000
Total Revenues	-	850,000
<b>EXPENDITURES</b>		
Capital outlay	(128,163)	1,722,075
Excess (Deficiency) of Revenues Over Expenditures	128,163	(872,075)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	600,000	1,061,852
Transfers out	(251,365)	(63,989)
Total Other Financing Sources	348,635	997,863
Net Change in Fund Balance	476,798	125,788
<b>FUND BALANCE (DEFICIT)</b>		
Beginning of Year	(16,313)	(142,101)
End of Year	<u>\$ 460,485</u>	<u>\$ (16,313)</u>

See independent auditors' report.

**Glen Cove City School District, New York**

Capital Projects Fund

Project-Length Schedule

Inception of Project Through June 30, 2020

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PROJECT	Authorization	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
Science Lab Project	\$ 250,000	\$ 9,689	\$ -	\$ 9,689
Connolly Playground	75,959	75,959	-	75,959
Bond 2018 Architect Services	247,650	225,141	(225,141)	-
High School Elevator	235,000	15,484	219,516	235,000
High School Guard Booth	116,361	-	116,361	116,361
Landing Roof	160,000	-	12,466	12,466
Deasy PA System	140,000	-	-	-
High School and Middle School Rigging	250,000	-	-	-
District-Wide Security	<u>232,640</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 1,707,610</u>	<u>\$ 326,273</u>	<u>\$ 123,202</u>	<u>\$ 449,475</u>

See independent auditors' report.

Unexpended Balance	Methods of Financing				Fund Balance (Deficit) at June 30, 2020
	Transfers	State and Federal Aid	Miscellaneous	Totals	
\$ 240,311	\$ -	\$ -	\$ -	\$ -	\$ (9,689)
-	-	-	25,959	25,959	(50,000)
247,650	-	-	-	-	-
-	235,000	-	-	235,000	-
-	116,361	-	-	116,361	-
147,534	160,000	-	-	160,000	147,534
140,000	140,000	-	-	140,000	140,000
250,000	-	-	-	-	-
232,640	232,640	-	-	232,640	232,640
<u>\$ 1,258,135</u>	<u>\$ 884,001</u>	<u>\$ -</u>	<u>\$ 25,959</u>	<u>\$ 909,960</u>	<u>\$ 460,485</u>

**Glen Cove City School District, New York**

Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2020  
(With Comparative Totals for 2019)

			Total Non-Major Governmental Funds	
	School Lunch	Special Purpose	2020	2019
<b>ASSETS</b>				
Cash and equivalents	\$ 4,682	\$ 88,885	\$ 93,567	\$ 85,950
Receivables				
State and Federal aid	26,794	-	26,794	76,336
Inventories	32,283	-	32,283	16,023
Total Assets	<u>\$ 63,759</u>	<u>\$ 88,885</u>	<u>\$ 152,644</u>	<u>\$ 178,309</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities				
Accounts payable	\$ 1,538	\$ 33,607	\$ 35,145	\$ 35,502
Accrued liabilities	6,408	-	6,408	-
Due to other governments	41	-	41	357
Due to other funds	23,489	-	23,489	34,729
Total Liabilities	<u>31,476</u>	<u>33,607</u>	<u>65,083</u>	<u>70,588</u>
Fund balances				
Nonspendable	32,283	-	32,283	16,023
Restricted	-	55,278	55,278	69,329
Assigned	-	-	-	22,369
Total Fund Balances	<u>32,283</u>	<u>55,278</u>	<u>87,561</u>	<u>107,721</u>
Total Liabilities and Fund Balances	<u>\$ 63,759</u>	<u>\$ 88,885</u>	<u>\$ 152,644</u>	<u>\$ 178,309</u>

See independent auditors' report.

**Glen Cove City School District, New York**

Combining Statement of Revenues, Expenditures and Changes  
in Fund Balances  
Non-Major Governmental Funds  
Year Ended June 30, 2020  
(With Comparative Totals for 2019)

			Total Non-Major Governmental Funds	
	School Lunch	Special Purpose	2020	2019
<b>REVENUES</b>				
Use of money and property	\$ 351	\$ 1,333	\$ 1,684	\$ 2,769
State aid	32,867	-	32,867	26,118
Federal aid	767,150	-	767,150	989,555
Food sales	193,682	-	193,682	295,088
Miscellaneous	79,322	20,000	99,322	130,537
Total Revenues	1,073,372	21,333	1,094,705	1,444,067
<b>EXPENDITURES</b>				
Current				
Cost of food sales	1,418,212	-	1,418,212	1,497,359
Other	-	35,384	35,384	42,161
Total Expenditures	1,418,212	35,384	1,453,596	1,539,520
Deficiency of Revenues Over Expenditures	(344,840)	(14,051)	(358,891)	(95,453)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	338,731	-	338,731	-
Net Change in Fund Balance	(6,109)	(14,051)	(20,160)	(95,453)
<b>FUND BALANCES</b>				
Beginning of Year	38,392	69,329	107,721	203,174
End of Year	\$ 32,283	\$ 55,278	\$ 87,561	\$ 107,721

See independent auditors' report.

**Glen Cove City School District, New York**

School Lunch Fund  
Comparative Balance Sheet  
June 30,

	2020	2019
<b>ASSETS</b>		
Cash and equivalents	\$ 4,682	\$ 1,621
Receivables		
State and Federal aid	26,794	76,336
Inventories	32,283	16,023
Total Assets	<u>\$ 63,759</u>	<u>\$ 93,980</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 1,538	\$ 20,502
Accrued liabilities	6,408	-
Due to other governments	41	357
Due to other funds	23,489	34,729
Total Liabilities	<u>31,476</u>	<u>55,588</u>
Fund balance		
Nonspendable	32,283	16,023
Assigned	-	22,369
Total Fund Balance	<u>32,283</u>	<u>38,392</u>
Total Liabilities and Fund Balance	<u>\$ 63,759</u>	<u>\$ 93,980</u>

See independent auditors' report.

**Glen Cove City School District, New York**

School Lunch Fund  
Comparative Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Years Ended June 30,

	2020	2019
<b>REVENUES</b>		
Use of money and property	\$ 351	\$ 385
State aid	32,867	26,118
Federal aid	767,150	989,555
Food sales	193,682	295,088
Miscellaneous	79,322	100,537
Total Revenues	1,073,372	1,411,683
<b>EXPENDITURES</b>		
Current		
Cost of food sales	1,418,212	1,497,359
Deficiency of Revenues Over Expenditures	(344,840)	(85,676)
<b>OTHER FINANCING SOURCES</b>		
Transfers in	338,731	-
Net Change in Fund Balance	(6,109)	(85,676)
<b>FUND BALANCE</b>		
Beginning of Year	38,392	124,068
End of Year	\$ 32,283	\$ 38,392

See independent auditors' report.

**Glen Cove City School District, New York**

Special Purpose Fund  
Comparative Balance Sheet  
June 30,

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and equivalents	<u>\$ 88,885</u>	<u>\$ 84,329</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 33,607	\$ 15,000
Fund balance		
Restricted	<u>55,278</u>	<u>69,329</u>
Total Liabilities and Fund Balance	<u>\$ 88,885</u>	<u>\$ 84,329</u>

See independent auditors' report.



**Glen Cove City School District, New York**

Special Purpose Fund  
Comparative Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Years Ended June 30,

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	<u>2020</u>	<u>2019</u>
<b>REVENUES</b>		
Use of money and property	\$ 1,333	\$ 2,384
Miscellaneous	<u>20,000</u>	<u>30,000</u>
Total Revenues	21,333	32,384
<b>EXPENDITURES</b>		
Current		
Other	<u>35,384</u>	<u>42,161</u>
Deficiency of Revenues Over Expenditures	(14,051)	(9,777)
<b>FUND BALANCE</b>		
Beginning of Year	<u>69,329</u>	<u>79,106</u>
End of Year	<u>\$ 55,278</u>	<u>\$ 69,329</u>

See independent auditors' report.

## Glen Cove City School District, New York

### General Fund

#### Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2020

Adopted Budget		\$ 91,257,983
Additions - Encumbrances		<u>541,883</u>
Original Budget		91,799,866
Budget Amendments		<u>18,000</u>
Final Budget		<u><u>\$ 91,817,866</u></u>

### General Fund

#### Section 1318 of Real Property Tax Law Limit Calculation

Year Ended June 30, 2020

2020-21 Expenditure Budget		<u>\$ 92,474,208</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law Unrestricted fund balance		
Assigned	667,049	
Unassigned	<u>3,698,968</u>	
Total Unrestricted Fund Balance	4,366,017	
Less		
Encumbrances	<u>667,049</u>	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u><u>\$ 3,698,968</u></u>
Actual Percentage		<u><u>4.00%</u></u>

See independent auditors' report.

**Glen Cove City School District, New York**

Schedule of Net Investment in Capital Assets  
Year Ended June 30, 2020

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Capital Assets, net		\$	11,819,225
Less			
Bonds payable	1,500,000		
Installment purchase debt payable	<u>1,220,539</u>		<u>(2,720,539)</u>
Net Investment in Capital Assets		\$	<u>9,098,686</u>

See independent auditors' report.

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**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**

**Independent Auditors' Report**

**The Board of Education of the  
Glen Cove City School District, 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 governmental activities, each major fund and the aggregate remaining fund information of the Glen Cove City School District, New York ("School District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 14, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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 a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District'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 financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

October 14, 2020

**Report on Compliance For Each Major Federal Program and  
Report on Internal Control Over Compliance Required by  
the Uniform Guidance**

**Independent Auditors' Report**

**The Board of Education of the  
Glen Cove City School District, New York**

**Report on Compliance for Each Major Federal Program**

We have audited the Glen Cove City School District, New York's ("School District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2020. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

## ***Opinion on Each Major Federal Program***

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## **Report on Internal Control Over Compliance**

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

October 14, 2020



**Glen Cove City School District, New York**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Sub- Recipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	10.553	N/A	\$ -	\$ 145,607
National School Lunch Program - Cash	10.555	N/A	-	569,073
National School Lunch Program - Commodities	10.555	N/A	-	52,470
Total U.S. Department of Agriculture			-	767,150
<u>U.S. Department of Education</u>				
Direct Program				
Impact Aid	84.041	N/A	-	7,551
Indirect Programs - Passed through New York State Department of Education				
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States	84.027	0032-20-0401	-	1,142,432
Special Education - Preschool Grants	84.173	0033-20-0401	-	42,766
Subtotal Special Education Cluster			-	1,185,198
Title I Grants to Local Educational Agencies	84.010	0021-20-1445	-	765,377
Title I Grants to Local Educational Agencies	84.010	0011-19-1445	-	5,050
			-	770,427
English Language Acquisition State Grants	84.365	0149-20-1445	-	24,370
English Language Acquisition State Grants	84.365	0293-20-1445	-	117,208
			-	141,578
Supporting Effective Instruction State Grants	84.367	0147-20-1445	-	107,045
Supporting Effective Instruction State Grants	84.367	0147-19-1445	-	12,069
			-	119,114
Student Support and Academic Enrichment	84.424	0204-20-1445	-	39,991
Student Support and Academic Enrichment	84.424	0204-19-1445	-	820
			-	40,811
Total U.S. Department of Education			-	2,264,679
Total Expenditures of Federal Awards			\$ -	\$ 3,031,829

(1) Catalog of Federal Domestic Assistance number.  
N/A Information not available

The accompanying notes are an integral part of this schedule.

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of the Glen Cove City School District, New York ("School District") under programs of the federal government for the year ended June 30, 2020. Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

None

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

\_\_\_\_ Yes      X   No  
\_\_\_\_ Yes      X   None reported

Noncompliance material to financial statements noted?

\_\_\_\_ Yes      X   No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

\_\_\_\_ Yes      X   No  
\_\_\_\_ Yes      X   None reported

Type of auditors' report issued on compliance for major federal programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

\_\_\_\_ Yes      X   No

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.553  
10.555  
10.555

*Children Nutrition Cluster:*  
School Breakfast Program  
National School Lunch Program – Cash  
National School Lunch Program – Commodities

Dollar threshold used to distinguish between Type A and Type B programs:  
Auditee qualified as low-risk auditee?

\$750,000  
  X   Yes    \_\_\_\_ No

**Glen Cove City School District, New York**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020

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**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None