

## GLEN COVE CITY SCHOOL DISTRICT

### *Recommendations from the Y/E 2023 Management Report dated October 15, 2023 to assist the District with the Corrective Action Plan (CAP):*

- **Payments in Lieu of Taxes (“PILOT’s”)**

PILOT’s are one of the main tools local Industrial Development Agencies (“IDA’s”) use to encourage businesses to locate in their jurisdictions. Under such agreement, a company makes some fixed yearly contribution to the School District rather than pay property taxes. The amount paid is typically lower than what the company would have paid if it was taxed normally. Under the State’s tax cap formula, PILOT payments are an integral part of the School District’s tax cap calculation, which can have an impact on the tax levy.

During our audit, we noted that the School District did not have current PILOT agreements readily available to determine if they received the correct amounts.

For one PILOT, the amount per the City’s allocation spreadsheet did not agree to the two payments received.

#### ***Recommendation***

We recommend that the School District obtain current PILOT agreements from the participating municipalities and prepare a tracking schedule to determine actual amounts received and the amount of taxes abated. Such schedule will then determine that the School District has received its PILOT revenue and such amounts are in agreement to the adopted budget amount.

#### **CORRECTIVE ACTION:**

The Assistant Superintendent for Business will work with the District Treasurer to obtain all the PILOT agreements from the IDA and keep them in one central file. The City of Glen Cove bills and collects the PILOT payments for the Glen Cove City School District. The Assistant Superintendent for Business has already implemented this action and has asked the City to send the school district copies of all the PILOT billings so that the district can make sure the proper payments are received. All this information will be kept in a file for the auditors to review starting in the fiscal year ending 2024. This action has been implemented for the 2023-2024 school year.

- **Other Postemployment Benefits - Census Data**

During our audit, we noted that two employees were erroneously omitted from the census data provided to the actuary.

#### ***Recommendation***

We recommend that the School District provide a comprehensive list of all employees to the actuary for the census data calculations. This will ensure that the liability of the School District is accurately stated.

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## **CORRECTIVE ACTION:**

It is the responsibility of the Treasurer to work with the actuary to provide the correct information. The Assistant Superintendent for Business will review all information sent to the actuary to ensure that all employees are included in the information given. This procedure will be implemented in the spring of 2024 when the actuary begins to work on the OPEB report for the district.

- **Extraclassroom Activity Fund**

Extraclassroom activity funds, which are authorized by the New York State Department of Education, are an integral part of the educational program of the School District. As part of our audit, we have reviewed, evaluated and tested the Extraclassroom Activity Funds of the School District. The result of our tests disclosed that the following areas were not in compliance with the regulations of the Commissioner of Education.

### *Inactive Clubs*

There were six High School clubs (Anime and Manga Club, Music - Orchestra, Mathletes, Co-ed Indoor Track, Boys Varsity Soccer, X-Country) and three Middle School clubs (Robotics, Student Council, Maker Space) that had no financial activity during the current fiscal year with aggregate ending balances of approximately \$3,868. State Education Department Regulations provide that the funds of a discontinued activity shall automatically revert to the account of the general student organization or the student council and shall be expended in accordance with that organization's constitution.

### ***Recommendation***

We recommend that the School District investigate and review these balances and take the appropriate action to close out these old amounts. A determination of the status of a club with no financial activity should be made to determine the proper disposition of funds. This action will deter clubs from being inactive in future years.

## **CORRECTIVE ACTION:**

The funds for four of the six High School clubs (Anime & Manga, Mathletes, Co-Ed Indoor Track and Boys Varsity Soccer) were transferred to the student Activity Account on August 8, 2023. The account balances for these clubs are now zero.

The Extraclassroom Central Treasurer is working with the high school Principal and the advisor of the other two clubs (Music-Orchestra and X-Country) to either close the clubs or use the funds that are available in the club. These clubs will be closed out by end of the 2023-

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2024 school year if they do not become active. This action will be implemented by June 30, 2024.

### Timeliness of Deposits

During our audit, we noted that two selections were not made timely. This deposit occurred in the High School account. This lack of timely deposits can increase the risk of misplacement, and misappropriation, which can lead to negative impacts on the financial reporting process.

### ***Recommendation***

We recommend that the district begin to make deposits within three business days.

### **CORRECTIVE ACTION:**

All deposits are generally made within three days of receipt. Any deposit that is not finalized in a timely manner because of missing paperwork, signatures, etc. are kept in the high school safe so as to secure the deposit. The Central Treasurer at the does not make the deposit unless all paperwork is in order. Because of this procedure the date that the advisor puts on the deposit envelope is not always the same as the date of the actual deposit.

The Assistant Superintendent for Business has instructed the Central Treasurer to make a note of the items missing for the deposit that are preventing the deposit to be made within the three-day period so the auditors will have an explanation of the late deposit. This process will be implemented starting in January 2024.

- **Information Technology**

### *Disaster Recovery/Contingency Planning*

The School District does not have well-defined, written disaster recovery procedures and the plan does not extend to the balance of the School District's Information Technology (IT) infrastructure. The time to make contingency plans is before disaster strikes, so that all personnel will be aware of their responsibilities in the event of an emergency situation that precludes the use of the existing IT facilities.

### ***Recommendation***

We suggest that management develop a disaster recovery plan covering the entire IT system infrastructure that includes, but is not limited to, the following matters:

- Location of, and access to, off-site storage
- A listing of all data files that would have to be obtained from the off-site storage location
- Detail procedures to be followed to rebuild individual servers

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- Responsibilities of various personnel in an emergency
- Priority of critical applications and reporting requirements during the emergency period
- Climate controlled environments for the server/network rooms.

### **CORRECTIVE ACTION:**

The IT Director is working with BLUUM, a third party provider, to create an enhanced comprehensive plan in an effort to improve the districts disaster recovery plan. This will be implemented by the end of the 2023-2024 school year.