

Glen Cove City School District, New York  
Report to Those Charged with Governance  
June 30, 2021

October \_\_, 2021

Prepared by

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Partner

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**KNOW  
GREATER  
VALUE**

October \_\_, 2021

The Board of Education  
Glen Cove City School District  
150 Dosoris Lane  
Glen Cove, New York 11542

We have audited the financial statements of Glen Cove City School District, New York as of and for the year ended June 30, 2021 and have issued our report thereon dated **October \_\_, 2020**. Professional standards require us to communicate with you regarding audit matters that are, in our professional judgment, significant and relevant to those charged with governance ("TCWG") in overseeing the financial reporting process. This communication is intended to provide you with these required communications as well as other findings and information regarding our audit.

We are pleased to be of service to you and the Glen Cove City School District, New York and appreciate the opportunity to present our audit findings to you. We are also pleased to discuss other matters which may be of interest to you and to answer any questions you may have.

This information is intended solely for the information and use of TCWG and management of the Glen Cove City School District, New York and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

**PKF O'Connor Davies, LLP**

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- 1 – Corrected Misstatements
- 2 – Management Representation Letter
- 3 – About PKF O'Connor Davies, LLP

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## Status of the Audit

### Audit of Financial Statements

- Audit fieldwork is complete.
- The financial statements have been drafted and reviewed by management.
- We have issued an unmodified report on the financial statements.

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## Required Communications and Other Matters

| Required Item  | Comments   |
|--|--|
| <b>Auditor's responsibility under professional standards and planned scope and timing of the audit</b> | <p>We have communicated such information in our engagement letter to you dated May 19, 2020. Generally, these responsibilities include:</p> <ul style="list-style-type: none"> <li>• Forming and expressing an opinion on the financial statements.</li> <li>• Obtaining reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud.</li> <li>• Accumulating and communicating uncorrected misstatements to Those Charged with Governance ("TCWG").</li> <li>• Maintaining professional skepticism.</li> <li>• Communicating audit related matters that are, in our professional judgment, significant to TCWG.</li> </ul>  |
| <b>Supplementary information accompanying the financial statements</b>                                 | <p>Our responsibility for the supplementary information accompanying the financial statements is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.</p> <p>With respect to such supplementary information, we made certain inquiries of members of management and evaluated the form, content and methods of preparing the information to determine that the information complies with US GAAP, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.</p> |

| Required Item   | Comments   |
|---|--|
| <b>Other information in documents containing audited financial statements</b> | Our responsibility as auditors for other information in documents containing the audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to determine that such other information is properly stated.  |
| <b>Our responsibilities under the Yellow Book</b>                             | In connection with our audit we performed tests of the Entity's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.  |
| <b>Our responsibilities under Uniform Guidance (Federal Single Audit)</b>     | In accordance with Uniform Guidance, we examined, on a test basis, evidence about the Entity's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget ("OMB") Uniform Guidance Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on the Entity's compliance with those requirements. While our audit provided a reasonable basis for our opinion, it does not provide a legal determination on the Entity's compliance with those requirements.  |
| <b>Responsibilities of management and TCWG</b>                                | <p>Management's responsibilities include:</p> <ul style="list-style-type: none"> <li>• The fair presentation of the financial statements, including the selection of appropriate accounting policies.</li> <li>• Establishing and maintaining effective internal control.</li> <li>• Complying with laws, regulations, grants and contracts.</li> <li>• Providing the auditors with all financial records and related information and a signed representation letter.</li> </ul> <p>TCWG are responsible for communicating with the auditors and overseeing the financial reporting process.</p> <p>Both management and TCWG are responsible for:</p> <ul style="list-style-type: none"> <li>• Setting the proper tone at the top.</li> <li>• Designing and implementing policies and controls to prevent and detect fraud.</li> </ul> |

| Required Item   | Comments   |
|---|--|
| <b>Qualitative aspects of accounting practices - Accounting Policies</b>                            | <p>The significant accounting policies are described in Note 1 to the financial statements. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during the reporting period that had a significant impact on the financial statements, except for the adoption of Governmental Accounting Standards Board Statement no. 84 "Fiduciary Activities".</p> <p>The accounting policies of the Entity conform to U.S. generally accepted accounting principles as applicable to state and local governments. The Entity's reports are based on all applicable GASB pronouncements.</p>   |
| <b>Qualitative aspects of accounting practices – Significant Unusual Transactions</b>               | <p>No matters have come to our attention that would require us to inform you about the methods used to account for significant unusual transactions.</p>   |
| <b>Qualitative aspects of accounting practices - Accounting Estimates and Management's Judgment</b> | <p>Accounting estimates made by management are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Actual results could differ from those estimates.</p> <p>Certain accounting estimates are particularly sensitive because of their significance to financial statements and their susceptibility to change. The most sensitive estimates affecting the financial statements are:</p> <ul style="list-style-type: none"> <li>• Actuarial assumptions related to the Other Post Employment Benefit Obligations ("OPEB")</li> <li>• Actuarial assumptions and proportionate share calculations related to pension obligations</li> <li>• Asset lives for depreciable capital assets</li> <li>• Estimates of certain receivable balances and allowances for uncollectible amounts</li> <li>• Estimates for certain operating and long-term liabilities</li> </ul> <p>Management believes that the estimates used and assumptions made are adequate based on the information currently available. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements as a whole.</p> |

| Required Item  | Comments  |
|--|---|
| <b>Qualitative aspects of accounting practices - Financial Statement Disclosures</b> | <p>Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements are:</p> <ul style="list-style-type: none"> <li>• Other post employment benefit obligations payable</li> <li>• Pension plan information</li> <li>• Outstanding bonded indebtedness</li> <li>• Fund balances</li> </ul> <p>The financial statement disclosures are consistent and clear.</p>   |
| <b>Difficulties encountered in performing the audit</b>                              | <p>We encountered no significant difficulties in dealing with management relating to the performance of our audit.</p>  |
| <b>Corrected and uncorrected misstatements</b>                                       | <p>Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management.</p> <p>We are required to communicate to you misstatements that remain uncorrected, including any related to prior periods, and the effect, if any, that they may have on the opinion in our report; and request new corrections. There were no such uncorrected misstatements.</p> <p>In addition, corrected misstatements that were brought to the attention of management as a result of our audit procedures are also included in Appendix 1.</p> |
| <b>Disagreements with management</b>   | <p>For purposes of this communication, a disagreement with management is a matter, whether or not resolved to our satisfaction, concerning financial accounting, reporting, or auditing, which could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of the audit.</p>  |
| <b>Management representations</b>  | <p>We have requested certain representations from management that are included in the management representation letter (see Appendix 2).</p>  |

| Required Item  | Comments  |
|--|---|
| <b>Management's consultations with other accountants</b>               | In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no such consultations with other accountants.   |
| <b>Auditor independence</b>  | We affirm that PKF O'Connor Davies, LLP is independent with respect to the Entity in accordance with relevant professional standards.   |
| <b>Significant issues discussed with management prior to retention</b> | We generally discuss with management a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Entity and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed and our responses thereto were a condition to our retention as auditors. |

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## Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Glen Cove City School District, New York (the "Entity") 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we express no such opinion.

Professional standards require that we communicate to you, in writing, all significant deficiencies and/or material weaknesses in internal control that we identify in performing our audit. For this purpose, deficiencies in internal control are categorized as follows:

- 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 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 and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

However, we share for your consideration on the following pages other observations about the internal control and operations.

This communication is intended solely for the information and use of management and others charged with governance and is not intended to be and should not be used by anyone other than these specified parties. We will be pleased to discuss these communications and comments in further detail at your convenience, or to assist you in implementing the recommendations.

Harrison, New York  
October \_\_, 2021

Control Deficiencies

- **General Fund**

*Restricted for Tax Certiorari*

Tax certiorari restrictions provide funding for court ordered tax refunds which are currently in process or are anticipated to occur over the next several years. While the School District has Board approved amounts restricted for tax certiorari refunds, the School District does not have a well-defined process in order to track the status of pending cases to evaluate when balances should be reclassified from restriction to unassigned and rely heavily on an estimation process. This information should be compiled with the necessary help from the City of Glen Cove, New York, ("City") which apparently is not happening.

***Recommendation***

We recommend that the School District enhance its internal processes to provide support for amounts included in the tax certiorari restriction. Close monitoring of these amounts is crucial to the School District's financial planning ability. Additionally, funds restricted for tax certiorari judgments and claims pursuant to Education Law Section 3651 (1-a) that are not expended for the payment of judgments and claims arising out of tax certiorari proceedings for the tax roll in the year moneys are deposited to the fund and/or that will not be "reasonably required to pay any such judgment or claim" must be returned to the General Fund on or before the first day of the fourth fiscal year following the deposit of such moneys to the reserve fund. Reasonably required to pay any such judgment or claim refers to a proceeding or claim which has not been finally determined or otherwise terminated or disposed of after exhaustion of all appeals. It is the intention of management to review its potential tax certiorari exposure with the City for budgeting and reporting purposes.

Other Matters

- **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
- 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.

## On the Horizon

### GASB Statement No. 87 – Leases

Potentially pervasive changes are coming to lease accounting. Under the provisions of GASB Statement No. 87, nearly every lease will be considered a capital lease. While local governments and school districts would most likely be lessees in these kinds of transactions, some might also be involved in transactions where they are the lessor of these assets.

Under this standard, lessees will now be required to recognize in their entity-wide Statement of Net Position a lease liability and an intangible right-to-use lease asset when the lease begins. The intangible asset will be similar to other capital assets by requiring amortization over the life of the lease term, similar to depreciation of tangible capital assets. Also similar to other capital assets, leases will need to be assessed for impairment.

Lessors will do the opposite. Lessors will recognize a lease receivable and a deferred inflow of resources at the start of a lease. The receivable will be reduced and revenue recognized as lease payments are received each year. The lessor will continue to report the capital asset on its own Statement of Net Position.

Governments should review this standard early to anticipate what changes might need to be made to policies, accounting procedures, laws and regulations. **GASB Statement No. 95 postponed by eighteen months the effective date of this statement. Accordingly, the provisions of this Statement are effective for fiscal years beginning after June 15, 2021 (i.e., the School District's financial statements for the year ended June 30, 2022) with earlier application encouraged.**

## Appendix 1

### Corrected Misstatements

| Account  | Description                   | Debit             | Credit            |
|--|-------------------------------|-------------------|-------------------|
| <b>General Fund</b>  |                               |                   |                   |
| <b>Adjusting Journal Entries JE # 10</b>   |                               |                   |                   |
| To adjust taxes receivable, deferred revenue, property taxes based analysis.               |                               |                   |                   |
| A 694  | DEFERRED TAX REVENUES (CITY)  | 60,546.00         |                   |
| A 1001   | REAL PROPERTY TAX             | 19,692.00         |                   |
| A 250  | TAXES RECEIVABLE              |                   | 80,238.00         |
| <b>Total</b>   |                               | <b>80,238.00</b>  | <b>80,238.00</b>  |
| <b>Adjusting Journal Entries JE # 11</b>   |                               |                   |                   |
| To correct deferred revenue and receivable as this amount was collected in the 20.21 year. |                               |                   |                   |
| A 694  | DEFERRED TAX REVENUES (CITY)  | 298,858.00        |                   |
| A 250  | TAXES RECEIVABLE              |                   | 298,858.00        |
| <b>Total</b>   |                               | <b>298,858.00</b> | <b>298,858.00</b> |
| <b>Adjusting Journal Entries JE # 23</b>   |                               |                   |                   |
| To correct TRS and EBLAR reserve accounts that had unapproved adjustments                  |                               |                   |                   |
| A 862  | RESERVE FOR EBLAR             | 716,176.00        |                   |
| A 828  | RESERVE FOR TRS CONTRIBUTIONS |                   | 716,176.00        |
| <b>Total</b>   |                               | <b>716,176.00</b> | <b>716,176.00</b> |
| <b>Adjusting Journal Entries JE # 24</b>   |                               |                   |                   |
| To record 2022 increase for reserve account designated for subsequent                      |                               |                   |                   |
| A 909  | FUND BALANCE, UNRESERVED      | 410,419.00        |                   |
| A 910  | APP FUND BALANCE (NEXT YEAR)  |                   | 410,419.00        |
| <b>Total</b>   |                               | <b>410,419.00</b> | <b>410,419.00</b> |

| Account  | Description                   | Debit             | Credit            |
|--|-------------------------------|-------------------|-------------------|
| <b>Capital Fund</b>  |                               |                   |                   |
| <b>Adjusting Journal Entries JE # 1</b>  |                               |                   |                   |
| To reflect DASNY Playground grant received from Nassau County in the Capital Projects Fund, accrued in py. Amount received and recorded in General Fund. |                               |                   |                   |
| G391   | DUE FROM GENERAL FUND         | 50,000.00         |                   |
| G440   | DUE FROM OTHER GOVERNMENTS    |                   | 50,000.00         |
| <b>Total</b>   |                               | <b>50,000.00</b>  | <b>50,000.00</b>  |
| <b>Adjusting Journal Entries JE # 2</b>  |                               |                   |                   |
| To accrue for tracking and defer as amounts not expected to be collected within one year from fiscal year-end.   |                               |                   |                   |
| G410   | STATE/FEDERAL AID RECEIVABLE  | 500,000.00        |                   |
| G691   | DEFERRED INFLOWS OF RESOURCES |                   | 500,000.00        |
| <b>Total</b>   |                               | <b>500,000.00</b> | <b>500,000.00</b> |
| <b>Adjusting Journal Entries JE # 4</b>  |                               |                   |                   |
| To accrue as of June 30, 2021, based on subsequent disbursements.  |                               |                   |                   |
| G 1310.340   | SECURITY DW-19-20             | 40,931.00         |                   |
| G 1310.341   | MS-1910-BOILERS               | 39,710.00         |                   |
| G600   | ACCOUNTS PAYABLE              |                   | 80,641.00         |
| <b>Total</b>   |                               | <b>80,641.00</b>  | <b>80,641.00</b>  |
| <b>School Lunch Fund</b>   |                               |                   |                   |
| <b>Adjusting Journal Entries JE # 3</b>  |                               |                   |                   |
| To Adjust Inventory at June 30, 2021.  |                               |                   |                   |
| C 2860.410   | FOOD AND MILK                 | 27,350.00         |                   |
| C 845  | RESERVE FOR INVENTORY         | 27,350.00         |                   |
| C 446  | INVENTORY                     |                   | 27,350.00         |
| C 909  | FUND BALANCE, UNRESERVED      |                   | 27,350.00         |
| <b>Total</b>   |                               | <b>54,700.00</b>  | <b>54,700.00</b>  |
| <b>Adjusting Journal Entries JE # 4</b>  |                               |                   |                   |
| To cover the unassigned deficit of \$33,567.   |                               |                   |                   |
| C 391-A  | DUE FROM GENERAL FUND         | 33,567.00         |                   |
| C 5031   | TRANSFER FROM GENERAL FUND    |                   | 33,567.00         |
| <b>Total</b>   |                               | <b>33,567.00</b>  | <b>33,567.00</b>  |

## Appendix 2

### Management Representation Letter

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## Appendix 3

### About PKF O'Connor Davies, LLP

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## FIRM OVERVIEW

Founded in 1891, PKF O'Connor Davies has evolved from an accounting firm to a corps of high-caliber professionals that delivers to a global and growing client base a complete range of audit, tax and advisory services as well as insights and expertise at the highest level. As our business has grown, our commitment to active value creation has allowed us to connect our clients to sound business advice, key players and resources across diverse industries.

### An Acknowledged Global Leader

Not only are we one of the nation's most rapidly growing accounting and advisory firms, we are also the lead North American firm in the growing PKF global network of independent accounting and advisory firms. This enables us to provide clients with preferred access to top-tier experts and firms in over 400 locations, in 150 countries around the world. It also establishes us as the primary referral point for international businesses with needs in North America, an advantage for our domestic clients seeking connections outside the U.S.

### Active Partner Involvement Dedicated Engagement Teams

We have built strong relationships with our clients by being proactive, thorough and efficient. Firm partners are involved in the day-to-day management of engagements, ensuring a high degree of client service and cost effectiveness. Multi-disciplinary teams ensure solutions are customized to address specific needs and integrated for greater efficiency.

### A Higher Standard: Beyond Passive Value Calculation to Active Value Creation

Our focus on value has driven our growth, propelling PKF O'Connor Davies to the Top 27 on *Accounting Today's* 2021 "Top 100 Firms" list and gaining us acclaim as one of the country's fastest-growing firms. With unmatched client focus, we unlock genuine value hidden at key connection points in every engagement within regional, national and international arenas. Through these connections, our team of specialists continually drives efficiencies, uncovers opportunities and manages risk – delivering value where others can't.

## Industry Recognition

- **Ranked 27 of "2021's Top 100 Firms"**  
– *Accounting Today*, 2021
- **Ranked 7 of the "Top Firms in the Mid-Atlantic"**  
– *Accounting Today*, 2021
- **"America's Best Tax Firms"**  
– *Forbes*, 2021
- **Ranked 10 of "New Jersey's Top Accounting Firms"**  
– *NJBIZ*, 2019
- **"Best Family Office – New Innovations"**  
– *Private Asset Management Awards*, 2021
- **"Best Accountancy Advisor"**  
– *Family Wealth Report Awards*, 2021
- **"Best Family Office Management Consultancy"**  
– *Family Wealth Report Awards*, 2021
- **"Best Accounting Firms to Work For"**  
– *Accounting Today*, 2021
- **"Best Places to Work in New Jersey"**  
– *NJBIZ*, 2021
- **Ranked #2 "Best Accounting Internship"**  
– *Vault*, 2021
- **Ranked 13 of the 50 "Best Accounting Employers to Work for in North America"**  
– *Vault*, 2021

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## Agility, Responsiveness and Recognition

Since our founding, PKF O'Connor Davies has maintained its commitment to gaining a deep understanding of each client's operations and financial history in order to help meet their every challenge and objective. We fulfill this mission by providing resources that match those of larger firms in scope – but with the agility only a mid-sized firm such as ours can demonstrate...and yet, we still rank among them. Our services include:

### Accounting and Assurance Services

- Accounting Outsourcing
- Agreed-Upon Procedures (AUPs)
- Audits, Reviews and Compilations
- Elite Accounting Services
- Employee Benefit Plans
- Endowment Fund Accounting
- International Financial Reporting Standards (IFRS)
- IT Audit & Cybersecurity Reviews
- Public Company Accounting Oversight Board (PCAOB)
- Public Sector Audits & Compliance

### International Services

- China Desk
- General Data Protection Regulation (GDPR)
- German Desk
- Transfer Pricing

### Investment Banking Services

- Acquisition Advisory
- Exit Readiness and Transaction Planning
- Sell-Side Advisory

### Tax Compliance and Planning Services

- Employee Benefit Planning & Tax Compliance
- International Tax Services
- IRS Representation & Tax Controversies
- Personal Financial Planning
- Private Foundation Services
- State and Local Tax (SALT)
- Tax Compliance & Reporting
- Tax Research and Strategic Planning
- Tax-Exempt Organizations
- Trust and Estate Planning

### Advisory Services

- Bankruptcy & Restructuring
- Cybersecurity & Privacy Advisory Services
- Dark Web Monitoring Services
- Digital Forensic Services
- Family Advisory Services
- Forensic, Litigation and Valuation Services
- Matrimonial Services
- Management Advisory Services
- PPP Loan Forgiveness Services
- Risk Advisory Services
- Specialty Industry Advisory Services
  - Business Solutions
  - Employee Benefit Plan Services
  - Healthcare Advisory Services
  - Hospitality Advisory Services
  - Medical and Dental Advisory Services
  - Public Sector Advisory Services
- Transaction & Financial Advisory Services
- Virtual Chief Information Security Officer Services
- Wealth Services

### Family Office Services

- Accounting & Reporting
- Advisory
- Charitable Giving
- Family Advisory Services
- Investment Monitoring & Oversight
- Lifestyle Support
- Personal Financial Management
- Tax Planning
- Wealth Planning



Bethesda, MD | Cranford, NJ | Harrison, NY | Hauppauge, NY | Livingston, NJ | New York, NY |  
Newburgh, NY (Two Locations) | Palm Beach Gardens, FL | Providence, RI | Shelton, CT | Stamford, CT |  
Wethersfield, CT | Woodcliff Lake, NJ

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