

Glen Cove City School District
In response to June 30, 2025 Management Letter

Corrective Action Plan

❖ **Accounts Payable**

Accounts payable balances should be supported by complete and accurate documentation at the time of audit, including proper invoice coding, approval, and timely recording in the general ledger. During our audit, we noted a few instances where the accounts payable amount was not properly stated and were adjusted during fieldwork.

Recommendation

We recommend management review and strengthen controls over accounts payable documentation and review procedures. All entries should be thoroughly reviewed and reconciled with supporting documentation prior to posting in the accounting system. Additionally, School District staff should receive refresher training on applicable policies and procedures to ensure consistent application.

Corrective Action

Procedures will be created to ensure all accounts payable balances will be based on the actual amounts owed. All procedures will be reviewed with District staff to ensure compliance. This recommendation will be in place by June 30, 2026.

❖ **Payments in Lieu of Taxes (“PILOTS”)**

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 for one PILOT, the amount per the City of Glen Cove, New York’s (“City”) allocation spreadsheet was not received by the School District during the period audited. The City provides the School District with PILOT payments pursuant to an agreement that outlines the amounts that the School District should

receive. However, these amounts are not guaranteed, as the actual payments are based on the needs of the School District as determined by the City.

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 received its PILOT revenue and such amounts are in agreement to the adopted budget amount.

Corrective Action

The District Treasurer will prepare a tracking schedule to be used to ensure that the actual payments received agree with the amount owed. The District Treasurer will obtain this information from the Controller's office at the City of Glen Cove who sends out the PILOT invoices to various businesses. This recommendation will be in place by March 31, 2026.

❖ Other Postemployment Benefits – Census Data

During our audit, we noted that one employee's information was incorrect on the census data provided to the actuary.

Recommendation

We recommend that the School District review and 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.

Corrective Action

The incorrect data was corrected in the district's files. When the full valuation is completed next year, the actuary's information will be updated. The District Treasurer will work with the actuary to ensure that all data is accurate for the census data calculations. This recommendation will be in place by June 30, 2026.

❖ 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. The following areas were not in compliance with the regulations of the Commissioner of Education:

Inactive Clubs

There were two High School clubs (Tri M Honor Society and X-Country) and two Middle School clubs (Cheer and Fashion Club) that had no financial activity during the current fiscal year with aggregate balances of approximately \$261. State Education 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 Assistant Superintendent for Business has spoken with the Central Treasurer at the High School and Middle School regarding these clubs. The Tri M Honor Society, the X-Country club and the Fashion Club are active clubs who had no financial activity in the 2024-2025 school year. The Central Treasurers have spoken to the advisors and discussed plans for use of the funds in the 2025-2026 school year. The Cheer Club is no longer an active club, and the remaining balance will be transferred to the General Student Fund. This recommendation will be in place by June 30, 2026.

Absence of Club Treasurer Signature

During our audit of cash receipts, we noted that eight of the twenty cash receipts did not have a student treasurer present at the time of the deposit.

Recommendation

We recommend that the cash receipts process be enhanced to adhere to "The Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds", published by the New York State Education Department, to have a student treasurer assigned to each student body or any subdivision. The extraclassroom activities should be operated by and for the students. Having a student assigned as treasurer will enforce the delineation between extraclassroom activities to the general operations of the school.

Corrective Action

The one deposit that missing the faculty members' signature was an oversight that has been corrected. The remaining seven cash receipts noted without a signature were deposits for a trip. The Central Treasurer at the Middle School collects trip fees for various trips throughout the school year. These trips do not have a student representative or treasurer that could sign the deposit. An accounting of all monies collected for trips includes the student's name, the amount of payment and the trip. This list is included with the deposit. Procedures will be added to have all deposits for trips signed by the Central Treasurer and the Assistant Principal. This recommendation will be in place by June 30, 2026.

❖ Cash and Cash Equivalents

During our testing of cash, we noted three outstanding checks over a year old in the operating account amounting to \$243,834. Tracking outstanding checks is an important control procedure that ensures that all outgoing checks are accounted for.

Recommendation

We recommend that the School District follow up on these outstanding checks to either re-issue them or write them off if no longer valid.

Corrective Action

Due to an ongoing legal matter, the recipient of these checks has decided to hold these checks. The District is following the advice of our attorneys not to reissue again and not to void the checks. A settlement to this matter is in the final stages. Once an agreement is reached, the checks will be voided. The district expects to have a final agreement prior to the end of the 2025-26 school year.

❖ Federal Emergency Management Agency ("FEMA") Amounts not reconciled

Management acknowledges that amounts related to FEMA disaster assistance have not been reconciled for several years. This was primarily due to delays in receiving final award documentation, complex cost adjustments, and turnover in key personnel responsible for federal grant reporting. As a result, discrepancies remain between FEMA records and the School District's general ledger.

Management recognizes that the absence of timely reconciliations affects the accuracy and completeness of the Schedule of Expenditures of Federal Awards (SEFA). Specifically, FEMA-related expenditures reported on the SEFA may not fully reflect

actual eligible costs or adjustments made by FEMA. This could impact compliance with federal reporting requirements and the audit of federal programs.

To address this matter, management has initiated the following corrective actions:

- Engaging with FEMA and state pass-through agencies to obtain final award reconciliations and closeout documentation.
- Assigning dedicated staff to perform detailed reconciliations of FEMA accounts going back to prior years.
- Implementing new procedures to ensure FEMA transactions are reconciled on a quarterly basis going forward.
- Enhancing oversight by senior finance leadership to ensure SEFA reporting is supported by reconciled and verifiable records.

Recommendation

We recommend that Management continue its commitment to completing historical reconciliations and ensuring that all FEMA-related activity is accurately reflected in future SEFA submissions.

Corrective Action

The School District will continue its reconciliation of all FEMA accounts and senior management will review the accuracy of all reporting. This recommendation will be in place by June 30, 2026.