



LEVITTOWN PUBLIC SCHOOLS

REVIEW OF 2024-2025 AUDIT

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Review of Audit

- The District received unmodified opinions on the June 30, 2025 school district financial statements and extraclassroom activity funds financial statement audits.
- Business office was very cooperative during the audits.

Management Letter

- A report on the District's internal control over financial reporting was issued and found areas in which the District's internal controls can be improved.
- Current Year Findings:
 - Accounts Payable
 - Extra Classroom Accounts
- Prior year findings:
 - Accounting Policies and Procedures
 - Year-End closing – Substantially Implemented
 - Miscellaneous special revenue fund activities – Implemented
 - Accounting Controls
 - Journal entries – Implemented
 - Capital Assets
 - Additions review – Implemented
 - Computer Controls
 - Permissions – Implemented

Required Auditor Communications

- Our responsibility under generally accepted auditing standards and *Government Auditing Standards*.
- GASB Statement No. 101, *Compensated Absences*, was implemented during the fiscal year.
- Accounting estimates affecting financials.
 - Lease receivable and deferred inflows of resources – leases
 - Useful life of capital assets and intangible lease assets
 - Lease liability
 - Compensated absences payable
 - Workers' compensation liability
 - Net pension asset/liability
 - Other post-employment benefits obligation

Required Auditor Communications

- There were no:
 - Disagreements with management.
 - Difficulties encountered in performing the audit.
- There were two corrected misstatements.
- Management representations.

Financial Highlights – Governmental Funds

	2025	2024	Increase (Decrease)	Percentage Change
General Fund				
Restricted				
Workers' compensation	\$ 4,308,104	\$ 4,033,227	\$ 274,877	6.82 %
Unemployment insurance	644,015	602,924	41,091	6.82 %
Retirement contribution				
Teachers' retirement system	10,082,858	9,087,223	995,635	10.96 %
Employees' retirement system	10,375,289	12,471,550	(2,096,261)	(16.81)%
Employee benefit accrued liability	132,864	124,387	8,477	6.82 %
Capital	4,639,049	18,075,221	(13,436,172)	(74.33)%
Assigned:				
Appropriated fund balance	9,900,000	9,900,000	-	0.00 %
Unappropriated fund balance	5,496,276	1,660,794	3,835,482	230.94 %
Unassigned: Fund balance	10,964,839	10,462,916	501,923	4.80 %
	<u>56,543,294</u>	<u>66,418,242</u>	<u>(9,874,948)</u>	<u>(14.87)%</u>

Financial Highlights – Governmental Funds

	2025	2024	Increase (Decrease)	Percentage Change
Capital Projects Fund				
Restricted:				
Capital	40,915,484	48,514,931	(7,599,447)	(15.66)%
Unspent debt proceeds	2,316,995	-	2,316,995	N/A
Assigned: Unappropriated fund balance	27,593,184	18,923,549	8,669,635	45.81 %
	<u>70,825,663</u>	<u>67,438,480</u>	<u>3,387,183</u>	5.02 %
School Food Service Fund				
Nonspendable: Inventory	-	14,720	(14,720)	(100.00)%
Assigned: Unappropriated fund balance	-	831,551	(831,551)	(100.00)%
	<u>-</u>	<u>846,271</u>	<u>(846,271)</u>	(100.00)%
Extraclasroom Activity Funds				
Assigned: Unappropriated fund balance	-	385,936	(385,936)	(100.00)%
Scholarships Fund				
Restricted: Scholarships	-	71,062	(71,062)	(100.00)%
Nonmajor Funds				
Nonspendable: Inventory	5,717	-	5,717	N/A
Restricted: Scholarships	75,860	-	75,860	N/A
Assigned: Unappropriated fund balance	655,337	-	655,337	N/A
	<u>736,914</u>	<u>-</u>	<u>736,914</u>	N/A
Total Fund Balance	<u>\$ 128,105,871</u>	<u>\$ 135,159,991</u>	<u>\$ (7,054,120)</u>	(5.22)%

Review of the Financial Statements

- The general fund – fund balance is a net decrease of \$9,874,948. This resulted from expenditures and other financing uses in excess of revenues.
- The special aid fund - Revenues and other financing sources, and expenditures in the special aid fund were \$6,684,698 for 2024-2025, a decrease of \$1,153,123 from the prior year. The decrease is the result of the District recognizing fewer federal grant revenues.
- The capital projects fund – fund balance net increase is the result of general fund transfers, proceeds of debt, and state sources exceeding capital expenditures. On May 20, 2025, the voters authorized districtwide capital improvement projects not to exceed \$22,000,000. This project is funded by capital reserve funds and general fund appropriations. A transfer from the general fund to the capital projects fund was made as of June 30, 2025, and reflected in the increase in fund balance.

Review of the Financial Statements

- During the year ended June 30, 2025, the District reclassified the school food service, extraclassroom activities, and scholarships funds from major funds to nonmajor funds. This change is a voluntary presentation change made to improve the clarity of the financial statements and has no impact on the overall governmental fund balances. The funds were previously presented as major funds, but changes in financial activity during the current year now justify the nonmajor classification.
- The net change in the nonmajor funds – fund balance is a decrease of \$566,355, compared to a decrease of \$748,539 in 2024, as expenditures of \$5,246,784 exceeded revenues and other financing sources of \$4,680,429. Revenues and other financing sources decreased \$16,313 or 0.35% from the prior year. This decrease was mainly due to a decrease in food service fund sales, offset by increased state sources and miscellaneous revenues. Expenditures decreased \$198,497 or 3.65% from the prior year. This decrease was chiefly within food service program expenditures, offset by increased instructional expenditures.

Review of the Financial Statements

The following is a summary of the District's general fund restricted fund balance activity:

	Balance June 30, 2024	Use of Reserves	Interest	Funding	Balance June 30, 2025
Workers' compensation	\$ 4,033,227	\$	\$ 274,877	\$	\$ 4,308,104
Unemployment insurance	602,924		41,091		644,015
Retirement contribution					
TRS	9,087,223		619,324	376,311	10,082,858
ERS	12,471,550	(2,950,000)	849,977	3,762	10,375,289
EBALR	124,387		8,477		132,864
Capital - 2023	18,075,221	(18,000,000)	3,163,828	1,400,000	4,639,049
	<u>\$ 44,394,532</u>	<u>\$ (20,950,000)</u>	<u>\$ 4,957,574</u>	<u>\$ 1,780,073</u>	<u>\$ 30,182,179</u>

Change in Unassigned Fund Balance – General Fund

Opening, Unassigned Fund Balance	\$ 10,462,916
Fund Balance Appropriated for Budget Revision	(4,000,000)
Revenues Over Budget	8,594,701
Expenditures, Other Financing Uses, and Encumbrances Under Budget	12,544,869
Allocation to Reserves	(6,737,647)
Appropriated for the 2025-2026 Budget	<u>(9,900,000)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 10,964,839</u></u>

Change in Unassigned Fund Balance – General Fund

- The \$10,462,916 shown in the table is the portion of the District's June 30, 2024 fund balance that was retained as unassigned.
- The District increased appropriations by \$4,000,000, which was funded by unassigned fund balance. The increase was needed to fund district-wide capital improvements, which decreases the unassigned portion of the general fund fund balance.
- The 2024-2025 final budget for revenues was \$248,722,899. Actual revenues recognized for the year were \$257,317,600. Actual revenues were more than estimated or budgeted revenues by \$8,594,701, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2024 to June 30, 2025. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.
- The 2024-2025 final budget for expenditures and other financing uses was \$285,233,693. Actual expenditures and other financing uses as of June 30, 2025 were \$267,192,548 and outstanding encumbrances were \$5,496,276. Combined, the expenditures and other financing uses plus encumbrances for 2024-2025 were \$272,688,824. The final budget variance was \$12,544,869, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2024 to June 30, 2025. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Change in Unassigned Fund Balance – General Fund

- Monies transferred into authorized reserves do not affect the total fund balance unless, and until, these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers. The table in §4.A. "General Fund" (summary of restricted fund balance activity) of this MD&A details the allocation of interest earnings and funding transfers to the reserves.
- The District has chosen to use \$9,900,000 of the available June 30, 2025 unassigned fund balance to partially fund the 2025-2026 approved operating budget. As such, the June 30, 2025 unassigned fund balance must be reduced by this amount.
- Based upon the summary changes shown in the table, the unassigned fund balance at June 30, 2025 was \$10,964,839. This amount equals 4.00% of the 2025-2026 budget, which complies with the statutory limit as established by §1318 of the New York State Real Property Tax Law.

Review of the Financial Statements

The following is a summary of the major changes in the general fund that resulted in revenues increasing over the prior year:

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Real Property Taxes & STAR	\$ 158,813,038	\$ 154,274,629	\$ 4,538,409	2.94 %
Other Local Sources	14,588,615	12,865,192	1,723,423	13.40 %
State Sources	83,798,292	78,843,024	4,955,268	6.28 %
Medicaid Reimbursement	105,925	47,821	58,104	121.50 %
Federal Sources	<u>11,730</u>	<u>1,126,327</u>	<u>(1,114,597)</u>	(98.96)%
	<u><u>\$ 257,317,600</u></u>	<u><u>\$ 247,156,993</u></u>	<u><u>\$ 10,160,607</u></u>	4.11 %

Review of the Financial Statements

The following is a summary of the major changes in the general fund that resulted in expenditures and other financing uses decreasing over the prior year:

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
General Support	\$ 23,561,742	\$ 20,997,158	\$ 2,564,584	12.21 %
Instruction	145,538,819	136,771,205	8,767,614	6.41 %
Pupil Transportation	10,537,814	9,167,919	1,369,895	14.94 %
Community Services	1,198,630	1,023,824	174,806	17.07 %
Employee Benefits	59,179,901	54,806,940	4,372,961	7.98 %
Debt Service	1,770,052	2,087,718	(317,666)	(15.22)%
Other Financing Uses	<u>25,405,590</u>	<u>3,392,198</u>	<u>22,013,392</u>	648.94 %
	<u><u>\$ 267,192,548</u></u>	<u><u>\$ 228,246,962</u></u>	<u><u>\$ 38,945,586</u></u>	17.06 %

Review of the Financial Statements

- Revenues in the general fund increased when compared to the prior year, primarily due to the following:
 - The increase in state sources is chiefly due to the District receiving more in general, excess cost, and lottery aids.
 - Property taxes and STAR were increased to fund additional appropriations in accordance with the 2024-2025 voter-approved budget.
 - Other local sources increased as a result of receiving additional interest earnings, which is attributable to a rise in interest rates, as well as an increase in miscellaneous revenues.
 - Federal sources decreased, as the District recognized emergency disaster assistance funds in the prior year. The District did not receive similar assistance funds in the current year.

Review of the Financial Statements

- Expenditures and other financing uses in the general fund increased when compared to the prior year, primarily due to the following:
 - Other financing uses increased mainly due to increased transfers to the capital projects fund for district-wide improvements as approved by the voters.
 - Instruction increased due to routine salary and step increases as well as increased costs through BOCES.
 - Employee benefits increased largely due to the growth in health insurance premiums, contributions to the pension plans as a result of increased contribution rates, coupled with an increase in covered salaries, and social security as a result of increased salaries.
 - Pupil transportation expenditures increased as a result of routine salary increases, a rise in maintenance costs, and additional BOCES expenditures.
 - General support increased as a result of routine salary increases, a rise in general liability insurance, and additional maintenance costs.

Importance of Financial Health

- Assists in the computation of District's tax levy.
- Cash flow.
- Improves credit rating.
- Reduces borrowing and interest costs.
- Funds unbudgeted contingent expenses.
- Funds state aid shortfalls.
- Preserve existing programs and opportunities for the students.

New Government Accounting Standard

- The District adopted Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, during the fiscal year ended June 30, 2025. Accordingly, the cumulative effect of the accounting change as of July 1, 2024 is reported in the District-Wide Financial Statements.
- GASB Statement No. 101 replaces the prior approach to leave liability reporting with a single model based on whether leave is attributable to services already rendered and more likely than not to be used. The statement clarifies which types of leave should be accrued as liabilities, enhancing consistency and comparability across governmental financial statements.

Future Government Accounting Standard

- GASB Statement No. 103, *Financial Reporting Model Improvements—Governmental Funds*, was issued to improve the consistency, comparability, and decision-usefulness of governmental fund financial statements by refining the financial reporting model. That objective is achieved by updating presentation formats, clarifying measurement focus and basis of accounting, and enhancing disclosures. The requirements of this Statement are effective for periods beginning after June 15, 2025.

Future Government Accounting Standard

- GASB Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosure such as intangible right-to-use assets, subscription assets, and assets held for sale. The requirements of this Statement are effective for the fiscal year ended June 30, 2026.

Levittown Union Free School District

QUESTIONS?

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