



LEVITTOWN PUBLIC SCHOOLS

REVIEW OF 2025-2026 AUDIT

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Review of Audit

- The District received unmodified opinions on the June 30, 2026 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:
 - Extra Classroom Accounts
 - Computer Controls
 - Permissions
- Prior year findings:
 - Accounts Payable – Implemented
 - Extra Classroom Accounts – Not Implemented

Required Auditor Communications

- Our responsibility under generally accepted auditing standards and *Government Auditing Standards*.
- GASB Statement No. 103, *Financial Reporting Model Improvements*, 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 claims payable
 - Net pension asset/liability
 - Other post-employment benefits obligation

Required Auditor Communications

- There were no:
 - Disagreements with management.
 - Difficulties encountered in performing the audit.
- Management corrected all misstatements identified during the audit; none were material.
- Management representations.

New Government Accounting Standard

- GASB Statement No. 103, *Financial Reporting Model Improvements*, was issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. There were no restatements of opening balances in connection with the implementation of this Statement.

New 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 lease assets, subscription assets, and assets held for sale. The implementation of this Statement was not material to the financial statements as a whole. There were no restatements of opening balances in connection with the implementation of this Statement.

Financial Highlights – Governmental Funds

	2026	2025	Increase (Decrease)	Percentage Change
General Fund				
Restricted:				
Workers' compensation	\$ 4,581,642	\$ 4,308,104	\$ 273,538	6.35 %
Unemployment insurance	419,033	644,015	(224,982)	(34.93)%
Retirement contribution				
Teachers' retirement system	10,723,058	10,082,858	640,200	6.35 %
Employees' retirement system	11,034,056	10,375,289	658,767	6.35 %
Employee benefit accrued liability	141,300	132,864	8,436	6.35 %
Capital	7,701,871	4,639,049	3,062,822	66.02 %
Assigned:				
Appropriated fund balance	7,900,000	9,900,000	(2,000,000)	(20.20)%
Unappropriated fund balance	1,558,004	5,496,276	(3,938,272)	(71.65)%
Unassigned:				
Tax reduction	4,156,245	-	4,156,245	N/A
Fund balance	11,376,812	10,964,839	411,973	3.76 %
	<u>59,592,021</u>	<u>56,543,294</u>	<u>3,048,727</u>	5.39 %

Financial Highlights – Governmental Funds

	<u>2026</u>	<u>2025</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Capital Projects Fund				
Restricted:				
Capital	24,382,175	40,915,484	(16,533,309)	(40.41)%
Unspent debt proceeds	1,081,237	2,316,995	(1,235,758)	(53.33)%
Assigned: Unappropriated fund balance	39,635,370	27,593,184	12,042,186	43.64 %
	<u>65,098,782</u>	<u>70,825,663</u>	<u>(5,726,881)</u>	(8.09)%
 Total Fund Balance	 <u>\$ 124,690,803</u>	 <u>\$ 127,368,957</u>	 <u>\$ (2,678,154)</u>	 (2.10)%

Review of the Financial Statements

- At June 30, 2026 the District's governmental funds reported a combined fund balance of \$125,637,884, including \$947,081 in nonmajor funds, which is a decrease of \$2,467,987. This decrease is due to an excess of expenditures and other financing uses over revenues and other financing sources, as well as unusual or infrequent items, using the current financial resources measurement focus and the modified accrual basis of accounting.
- The general fund – fund balance is a net increase of \$3,048,727. This resulted from revenues, other financing sources, and unusual or infrequent items in excess of expenditures and other financing uses.
- The special aid fund - Revenues and other financing sources, and expenditures in the special aid fund were \$6,404,380 for 2025-2026, a decrease of \$280,318 from the prior year. The decrease is the result of the District recognizing fewer federal grant revenues.

Review of the Financial Statements

- The capital projects fund – fund balance net decrease is the result of capital expenditures and other financing uses exceeding general fund transfers, leases issued, and state sources. On May 19, 2026, the voters authorized district-wide capital improvement projects not to exceed \$15,000,000. This project is funded by unassigned fund balance and capital reserve funds.
- The following is a summary of the District’s capital projects fund restricted fund balance activity:

	Balance June 30, 2025	Use of Reserves	Funding	Balance June 30, 2026
May 2020	\$ 22,915,484	\$ (21,133,309)	\$	\$ 1,782,175
May 2023	18,000,000		4,600,000	22,600,000
	<u>\$ 40,915,484</u>	<u>\$ (21,133,309)</u>	<u>\$ 4,600,000</u>	<u>\$ 24,382,175</u>

Review of the Financial Statements

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

	Balance June 30, 2025	Use of Reserves	Interest	Funding	Balance June 30, 2026
Workers' compensation	\$ 4,308,104	\$	\$ 273,538	\$	\$ 4,581,642
Unemployment insurance	644,015	(250,000)	25,018		419,033
Retirement contribution					
TRS	10,082,858		640,200		10,723,058
ERS	10,375,289	(3,210,000)	658,767	3,210,000	11,034,056
EBAL	132,864		8,436		141,300
Capital - 2023	4,639,049	(4,600,000)	2,600,360	5,062,462	7,701,871
	<u>\$ 30,182,179</u>	<u>\$ (8,060,000)</u>	<u>\$ 4,206,319</u>	<u>\$ 8,272,462</u>	<u>\$ 34,600,960</u>

Change in Unassigned Fund Balance – General Fund

Opening, Unassigned Fund Balance	\$ 10,964,839
Fund Balance Appropriated for Budget Revision	(10,400,000)
Revenues, Other Financing Sources, and Unusual or Infrequent Items Over Budget	15,746,221
Expenditures, Other Financing Uses, and Encumbrances Under Budget	19,350,778
Reduction to Unemployment Reserve	250,000
Allocation to Reserves	(12,478,781)
Amount Allocated to Tax Reduction Reserve	(4,156,245)
Appropriated for the 2026-2027 Budget	<u>(7,900,000)</u>
Closing, Unassigned Fund Balance	<u>\$ 11,376,812</u>

Change in Unassigned Fund Balance – General Fund

- The \$10,964,839 shown in the table is the portion of the District's June 30, 2025 fund balance that was retained as unassigned.
- The District increased appropriations by \$10,400,000, which was funded by unassigned fund balance. The increase was needed to fund renovations to District facilities, as approved by the voters in May 2026, which decreases the unassigned portion of the general fund fund balance.
- The 2025-2026 final budget for revenues was \$261,271,775. Actual revenues, other financing sources, and unusual or infrequent items recognized for the year were \$277,017,996. Actual revenues, other financing sources, and unusual or infrequent items were more than estimated or budgeted revenues by \$15,746,221, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2025 to June 30, 2026. The Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.
- The 2025-2026 final budget for expenditures and other financing uses was \$294,878,051. Actual expenditures and other financing uses as of June 30, 2026 were \$273,969,269 and outstanding encumbrances were \$1,558,004. Combined, the expenditures and other financing uses plus encumbrances for 2025-2026 were \$275,527,273. The final budget variance was \$19,350,778, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2025 to June 30, 2026. The 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 §3.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 reduced the unemployment insurance reserve by \$250,000, which increased the unassigned fund balance.
- The District allocated \$4,156,245 to the reserve for tax reduction from the proceeds of the January 2026 sale of the Seamans Neck building. The proceeds will be used to reduce the property tax levy over a period of ten years, and the reserve is excluded from the unassigned fund balance subject to the §1318 limit.
- The District has chosen to use \$7,900,000 of the available June 30, 2026 unassigned fund balance to partially fund the 2026-2027 approved operating budget. As such, the June 30, 2026 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, 2026 was \$11,376,812. This amount equals 4.00% of the 2026-2027 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, other financing sources, and unusual or infrequent items increasing over the prior year:

	<u>2026</u>	<u>2025</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Real Property Taxes & STAR	\$ 163,476,094	\$ 158,813,038	\$ 4,663,056	2.94 %
Other Local Sources	13,389,891	14,588,615	(1,198,724)	(8.22)%
State Sources	90,732,877	83,798,292	6,934,585	8.28 %
Medicaid Reimbursement	26,421	105,925	(79,504)	(75.06)%
Federal Sources	11,730	11,730	-	0.00 %
Other Financing Sources	279,750	-	279,750	N/A
Unusual or Infrequent Items	9,101,233	-	9,101,233	N/A
	<u>\$ 277,017,996</u>	<u>\$ 257,317,600</u>	<u>\$ 19,700,396</u>	7.66 %

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 increasing over the prior year:

	<u>2026</u>	<u>2025</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
General Support	\$ 28,941,415	\$ 23,561,742	\$ 5,379,673	22.83 %
Instruction	149,513,749	145,538,819	3,974,930	2.73 %
Pupil Transportation	11,723,881	10,537,814	1,186,067	11.26 %
Community Services	1,197,136	1,198,630	(1,494)	(0.12)%
Employee Benefits	62,297,095	59,179,901	3,117,194	5.27 %
Debt Service	2,898,161	1,770,052	1,128,109	63.73 %
Other Financing Uses	<u>17,397,832</u>	<u>25,405,590</u>	<u>(8,007,758)</u>	(31.52)%
	<u>\$ 273,969,269</u>	<u>\$ 267,192,548</u>	<u>\$ 6,776,721</u>	2.54 %

Review of the Financial Statements

- Revenues, other financing sources, and unusual or infrequent items in the general fund increased when compared to the prior year, primarily due to the following:
 - Unusual or infrequent items include proceeds from the sale of the Seamans Neck building and solar energy tax credit revenue. In January 2026, the District sold the building to Nassau BOCES for \$7,156,245. In addition, the District recognized a solar energy tax credit under the Inflation Reduction Act (IRA), totaling \$1,944,988, following the substantial completion of several projects under its energy performance contract. The District does not expect to have similar revenues in future years.
 - The increase in state sources is chiefly due to the rise in Foundation Aid and transportation aid.
 - Property taxes and STAR were increased to fund additional appropriations in accordance with the 2025-2026 voter-approved budget.
 - Other local sources decreased, as a result of receiving less in interest earnings, which is attributable to a reduction in interest rates.

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:
 - The rise in general support, instruction, and pupil transportation was mainly due to mandated increases in salaries pursuant to collective bargaining agreements and inflationary increases in operational costs.
 - Employee benefits increased largely due to the growth in health insurance premiums, contributions to the pension plans as a result of an increase in covered salaries, and Social Security as a result of increased salaries. In addition, the District incurred additional costs related to retirement incentives.
 - The rise in debt service costs was directly attributable to increased principal and interest obligations tied to the energy performance contract project.
 - Other financing uses decreased as, in the prior year, the District transferred \$25,000,000 to the capital projects fund to fund district-wide improvements, whereas, in the current year, the District transferred \$17,000,000 to fund current capital projects using both general fund appropriations and capital reserve funds.

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.

Future Government Accounting Standard

- GASB Statement No. 105, *Subsequent Events*, was issued to improve financial reporting related to subsequent events by clarifying the subsequent events time frame and the subsequent events that constitute recognized and non-recognized events, and by specifying the information items that are required to be disclosed about subsequent events. The requirements of this Statement are effective for the fiscal year ending June 30, 2027.

Levittown Union Free School District

QUESTIONS?

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Partner

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