LEVITTOWN UNION FREE SCHOOL DISTRICT
Financial Management Audit Corrective Action Plan

Title: Levittown Union Free School District- Financial Management Audit Report Number: 2026M-13

June 2026

Response to New York State Office of the State Comptroller Audit Financial Management Audit 2026M-13

The Board of Education of the Levittown Union Free School District has reviewed the findings and recommendations contained in the New York State Office of the State Comptroller's Financial Management Audit Report. The Board and District Administration have developed the following Corrective Action Plan pursuant to General Municipal Law Section 35.

FINDING 1: The Board did not develop and adopt realistic budgets because it overestimated appropriations and underestimated revenues.

RECOMMENDATION:
Develop and adopt budgets that include reasonable estimates for appropriations, estimated revenues and the amount of fund balance that will be appropriated and used to fund operations.

District Corrective Action Plan:

- The District agrees that operating surpluses were generated during the audit period. The District appreciates that the audit report recognizes the substantial progress already made in reducing annual budget variances. As noted in the report, appropriation variances declined from 13.42 percent of the budget during the early years of the audit period to 6.95 percent of the budget in the most recent year reviewed.

  The current administration, appointed in July 2022, has undertaken a comprehensive review of the District's budget development process. During the annual budget preparation process, District officials continue to evaluate historical expenditure trends, staffing levels, contractual obligations, special education costs, employee benefit expenditures, interest earnings and other revenue sources to improve the accuracy of budget projections.

  The Board and District officials will continue to refine both expenditure and revenue estimates during each annual budget cycle to ensure that adopted budgets more accurately reflect current operating conditions while maintaining the fiscal stability necessary to support District programs and services.

- **Responsible Party:**
  Board of Education, Superintendent of Schools and Assistant Superintendent for Business.

- **Completion Date:**

  6/30/2027

  Incorporated into the annual budget development process beginning with the 2026-27 budget and continuing thereafter.

FINDING 2: The Board appropriated fund balance that was not needed or used to finance District operations.

RECOMMENDATION:
Develop and adopt a plan to reduce surplus fund balance to comply with the statutory limit.

District Corrective Action Plan:

- The District agrees that the appropriated fund balance should continue to be reduced. The Board appreciates that the audit report acknowledges the progress already made in reducing appropriated fund balance from levels exceeding $12 million during the audit period to $7.9 million in the adopted 2026-27 budget.

  The District has already begun implementing this recommendation through a multi-year financial strategy designed to reduce reliance on appropriated fund balance while maintaining program stability and tax levy predictability. Specifically, the District has:

  - Continued to reduce appropriated fund balance in the 2026-27 budget;
  - Utilized available fund balance to finance one-time expenditures;
  - Established and funded three separate capital reserves to address long-term facility and infrastructure needs;
  - Continued to evaluate reserve funding levels and future capital requirements as part of its long-range financial planning process.

  The Board and Administration will continue to evaluate opportunities to further reduce surplus fund balance while balancing the District's obligations to taxpayers, students and the community.

- **Responsible Party:**
  Board of Education, Superintendent of Schools and Assistant Superintendent for Business.

- **Completion Date:**

  6/30/2027

  Actions initiated during the 2026-27 budget development process and ongoing.

FINDING 3: Officials did not properly manage reserve funds.

RECOMMENDATIONS 3 through 7:
Determine targeted funding levels for reserves; transparently fund reserves; conduct required reserve reviews; improve annual reserve reporting; and develop a plan to reduce the unemployment insurance reserve to a reasonable level.

District Corrective Action Plan:

- The District agrees with Recommendations 3 through 7 and has already implemented corrective measures during the 2026-27 budget development process.

  The Assistant Superintendent for Business has developed a comprehensive Reserve Fund Report, that aligns with both the recommendations contained in the audit report as well as Board Policy 5512 – Reserve Funds. Beginning in 2026-27, the District's reserve review process will include:

  - Identification of each reserve fund and its statutory purpose;
  - Description of permissible uses for each reserve;
  - Determination of targeted funding levels for each reserve;
  - Reporting of interest earnings and investment activity;
  - Documentation of all reserve withdrawals, including dates and amounts;
  - Analysis of projected reserve needs for the upcoming fiscal year;
  - Recommendations regarding future reserve funding levels.

  In addition, the Board of Education has implemented a formal process to review reserve funds monthly beginning in March of each year, consistent with Board Policy 5512.

  Future reserve funding recommendations will be incorporated into the annual budget development process to improve transparency and provide taxpayers with a clearer understanding of the District's financial planning.

  Furthermore, corrective measures regarding the Unemployment Fund Reserve began by reducing the unemployment insurance reserve by $250,000 or almost 40% from $644,015 to $394,015. The district will continue to review to determine if further reductions will be needed.

- **Responsible Party:**
  Board of Education, Superintendent of Schools and Assistant Superintendent for Business.

- **Completion Date:**

  6/30/2027

  Implemented during the 2026-27 budget development process and continuing annually.

Certification

The Board of Education and District Administration are committed to maintaining sound financial management practices, improving transparency, and ensuring compliance with applicable laws, regulations and Board policies. The District will continue to monitor implementation of the corrective actions described above and will report progress as required by the Office of the State Comptroller.

Submitted on behalf of the Board of Education of the Levittown Union Free School District.

Signed:

Michael Galiano

Name

7/08/2026

Date